

VAT burden on energy storage equipment sales





Overview

Will battery storage systems be exempt from Value-Added Tax?

Beginning on this date, battery storage systems will be exempt from value-added tax (VAT), marking a strategic initiative to encourage the widespread adoption of renewable energy solutions. This decision forms part of the government's broader commitment to promoting renewable energy sources and mitigating carbon emissions.

Why did the government remove VAT on battery storage?

This decision forms part of the government's broader commitment to promoting renewable energy sources and mitigating carbon emissions. The removal of VAT on battery storage is anticipated to reduce costs for consumers, making these systems more financially viable for individuals and businesses investing in sustainable energy solutions.

What does VAT exemption mean for energy-saving materials?

VAT exemption for specific energy-saving materials implies that consumers will not be charged the value-added tax on these items, effectively lowering the cost of purchasing and installing these technologies. How will these VAT changes impact household energy bills?

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What is the VAT rate for energy-saving materials (ESMs)?

Written by Louise Speke. First published on 25 Jan 2024, and most recently revised on 25 Feb 2025. When energy-saving materials (ESMs) are installed, a reduced VAT rate (5%) is usually applied. However, there is a temporary zero rate of VAT which applies until 31 March 2027, after which the rate will revert to the reduced rate.



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