

Homeowner Guidance on VAT

When **installing new** solar PV, solar thermal and/or battery storage systems, you may benefit from a reduced VAT rate. It is important however, to check that the company you choose has applied the correct rate.

Application of an incorrect VAT rate by an installer will be viewed by HMRC as tax avoidance. Not only is this practice unethical, it is also unlawful. This jeopardises the future existence of your installer and therefore the care for your system. If such an allegation is made against an installation company, homeowners may become inconvenienced by the investigations and prosecutions.

Solar Retrofit – 5%

Complete solar PV and/or solar thermal systems installed on your existing home should benefit from the 5% VAT rate

New Build Solar – 0%

Building a new home? 0% VAT to pay on your solar or storage systems. Please be aware

Retrofit Batteries – 20%

If you already have a solar PV system and wish to install a battery, the reduced VAT rate currently does not apply.

Solar installed with Batteries – 5%

Installing a battery alongside a new solar PV system will qualify the whole system for 5% VAT. Beware, installing extra panels etc. when you order a battery does not count.

Extensions or adding Components – 20%

Adding any additional components after your original solar installation means paying the full 20% VAT. The only way you would pay 5% would be by installing a completely separate and independent system, which could work on its own.

Service, Maintenance, Upgrades – 20%

Any works carried out on your system post installation should include 20% VAT.

Re-roofing PV Projects – 20%

Solar works quoted as an addition to re-roofing works should be 20% VAT rated. Solar works quoted as a separate project after roof works have started could still receive a reduced 5% VAT.

Please note: The HMRC VAT rates are more complicated than a one page flyer and the above will only provide you with the basics. For more information please visit: <https://www.gov.uk/government/publications/vat-notice-708-buildings-and-construction>