

Business Rates: Advice and FAQs

Are all solar PV systems subject to business rates?

All non-domestic solar PV generating assets are rateable, however the Business Rates applied vary considerably on the circumstances of its use:

If the PV system is . . .	Business Rates treatment
Primarily for on-site consumption	The key question is whether the generating asset(s) are (1) in the same occupation as the host site and assessed as part of that wider assessment, or (2) whether they are separately owned and occupied: <ol style="list-style-type: none">1. If assessed with the host site as on-site consumption, the solar PV asset becomes rateable according to what's known as the Contractors Basis.2. If separately owned and occupied, e.g. via a Special Purpose Vehicle, the solar PV asset would be separately assessed in line with the STA agreed scheme of values
Primarily for export to the grid	Assessed in line with the STA agreed scheme of values

How are the different Business Rates treatments calculated?

- The agreed scheme of values for **primarily-export solar PV assets** is based on the Receipts and Expenditure approach, which is derived from multiple factors including capital cost, subsidy level, date of installation, and potential risk factors. The full scheme of values is available here: [Photovoltaic Memorandum of Agreement \(MOA\) – Revaluation 2017](#)
- **Primarily on-site consumption solar PV assets** are valued according to the Contractors Basis. This calculation is very basic and does not consider multiple inputs e.g. asset value or subsidy. The Contractors Basis/on-site consumption Business Rates are:

System size	2017 Rateable Value
Less than 4 kW	£1,400/kW
4– 150 kW	£1,250/kW
Above 150 kW	£1,100/kW

- Further guidance on the valuation methods can be found here: [Valuation Office Agency's \(VOA\) technical manual for the rating of business \(non-domestic\) property](#)

Will I have to pay this full amount for my solar PV?

No – These rates are subject to a Business Rates Multiplier of 0.504 (50.4p per £), with very slight variations for **small businesses** (0.491) , the City of London, and Wales (Scotland and NI have their own systems).

Small business rate relief is available at 100% for assessments below £12,000 and tapered thereafter up to a maximum of £15,000. In order to qualify for this relief the individual assessment will need to be in an SPV with no other solar assets.

- **Example 1:**

A mainly-export 20 MW solar park built this year in England would face a rateable value of **(£6,450/MW) x (20 MW) x (0.504 Business Rates Multiplier) = £65,016 per year (£3.25 per KW)**

- **Example 2:**

A mainly on-site consumption 120 KW rooftop system built this year in England would face a rateable value of **(£55/KW) x (120 KWp) x (0.504 Business Rates Multiplier) = £295.14 per year (£27.72/kW)**

Wow, why the huge difference between the mainly on-site and mainly export rates?

It is the fact that the solar panels are rateable assets where they are used for on-site consumption and assessed with the host site that leads to significantly higher Business Rates per unit of generation capacity. This unfair tax treatment can only be rectified through legislative change. The STA is actively lobbying for reform on this issue – You can sign up here for updates.

However, by setting up solar installations under a Special Purpose Vehicle and providing a PPA to agree to export and ‘sell’ the electricity to the on-site ‘consumer’, the solar PV system would face a Business Rates valuation as a mainly-export installation.

You can find out more from **the STA’s SPV Tool Kit**

The rates listed in the MOA are for FiT and ROC solar assets – Where can I find the rates for subsidy-free solar PV?

At the time the 2017 MOA was agreed, there was no subsidy-free solar PV in the UK.

We are currently in the process of negotiating a new MOA with the Valuation Office that would take effect at the beginning of the next Rating period (currently planned for 1 April 2021), and will cover subsidy-free assets as a separate category.