

Vat on energy storage services

How will VAT relief impact the energy storage industry?

With VAT relief, installers can offer more competitive pricing, potentially leading to increased demand for energy storage solutions. This, in turn, could drive technological advancements and create job opportunities within the energy storage sector.

Do energy suppliers have to pay VAT?

Energy suppliers are required to account for VAT under the normal rules as the payment is made for a taxable supply of energy. Any VAT incurred by suppliers in relation to the operation of the scheme relates to the taxable supply of energy and is therefore recoverable, subject to normal rules.

Are battery storage systems subject to VAT?

As from February 1, 2024, all battery storage systems installed in UK homes benefit from a VAT exemption regardless of whether they are fitted at the same time as solar PV. This equals the playing field for retrofit applications which previously would have been subject to 20% VAT.

What is VAT & how does it work?

VAT is only due on the amount suppliers actually charge their customers for energy supplied. Any VAT incurred by suppliers in relation to the operation of the scheme relates to the taxable supply of energy and is therefore recoverable, subject to normal rules. If changes are made to the scheme in the future, VAT liability may change.

Why has the UK extended tax relief on battery storage systems?

All of which, once more, helps contribute to a cleaner and more controllable grid. It's indeed a positive development that the government has extended tax relief on battery storage systems in the UK. The decision reflects a commitment to reducing carbon emissions and promoting sustainable energy solutions.

Are fuel and power supplies subject to VAT?

Unless otherwise specified legal references will be from the VAT Act 1994 (VATA 1994). Under the act supplies of fuel and power are subject to the standard rate of VAT unless they are eligible for the reduced rate under schedule 7A or being exported outside the UK under the conditions set out in VAT on goods exported from the UK (VAT Notice 703).

Understanding VAT Implications for Energy Storage Systems in 2025 Picture this: A solar farm in Spain pays 21% VAT on battery storage while its German counterpart enjoys a 7% reduced ...

In this announcement, we capture the key factors that will allow you to get VAT Relief for energy storage devices and specifically batteries. The relief applies to the services of installing energy ...

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