

# **Vat rate on solar panels**





## Overview

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The standard rate is 20%. However, to support certain industry sectors, such as hospitality and tourism, a lower rate of 5% is applied. For several years, the Renewable Energy Sector has also benefited from this reduced tax rate. Although helpful in numerous ways, many households pay an extra cost.

A zero rate applies to the installation of certain specified energy-saving materials from 1 May 2023 to 31 March 2027. A zero rate applies to the groundworks necessary for the installation of ground and water source heat pumps (read section 2.5) in, or in the curtilage of, residential accommodation.

The VAT rate on solar panel installations is currently set at 0%, while the standard VAT rate for most goods and services is 20%. This reduced rate applies to both residential and commercial properties, provided that the solar panels meet certain criteria. What are the criteria for the reduced VAT.

Given how expensive going solar can be, it's helpful that there's currently a 0% VAT rate on solar panels and storage batteries across the UK. Households and charitable organisations should take advantage of this discount before the rate rises to 5% in 2027 – even if the upfront cost of going solar.

However, if you buy your solar panels from one provider, and choose a different provider to install them, you will pay 5% VAT on the cost of installation. You'll also pay 5% VAT on the cost of any repairs or maintenance services that happen after your initial solar panel installation. Before April.



The government has made solar panels and heat pumps much more affordable by cutting VAT to 0%. That means you pay no tax at all when you install these energy-saving systems in your home. This is brilliant timing if you're considering making your home more energy-efficient and cutting your bills. How much is VAT on solar panels?

Reduced rate VAT on solar panels. Reduced to zero in 2023 for residential systems up to 30 kW. Effective from 1 January 2024 until the end of 2025 for systems up to 35 kW. Standard rate is 21%. For homes less than 10 years old; usual rate is 21%.

When does the 0% VAT on solar panels end?

The 0% VAT on solar panels is set to end on 31 March 2027. From 1 April 2027, the VAT rate is due to rise to 5%. There's been no move to extend the 0% rate beyond March 2027, though ultimately this decision will depend on how successful the policy is.

How much does a 0% VAT Solar System cost?

The 0% VAT rate has made solar panels slightly cheaper, but not by much. For example, under the old 5%-20% VAT rate, a 3.5 kilowatt peak (kWp) solar PV system (suitable for a three-bedroom house) would cost around £7,860 in 2022. Under the current rate of VAT, that same system would cost around £7,026.

When will 0% VAT on solar panels come into effect in Northern Ireland?

It's worth noting that in Northern Ireland, the 0% VAT rate on solar panels came into effect in May 2023, a year later than the rest of the UK, but it will end at the same time, in April 2027. Check out our page for more information on getting solar panels in Northern Ireland.

Do you pay VAT on solar batteries?

That means you still had to pay 20% VAT on solar batteries that were installed as a stand-alone product, or retrofitted onto an existing solar panel system. Luckily, the government has now added solar batteries to their list of energy-saving products that qualify for 0% VAT, regardless of what they're installed alongside of.

Why is the UK reducing VAT on solar panels?



With the UK government's decision to scrap the VAT, now is the best opportunity for homeowners to improve their energy efficient systems while also making a positive impact on the environment. The standard VAT rate reduction aims to make solar panels and other energy efficient measures more affordable.



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### VAT on Commercial Solar Panels

VAT on Solar Panels for Business Installing commercial solar panels is a significant investment for businesses of all sizes, and it's essential to understand all the financial consequences of generating your own electricity. This guide ...

### [Solar Panels and Heat Pumps installation reclaim](#)

UK Solar Panels VAT Update: Zero Rate from April 2022 - What You Need to Know Starting April 2022, the VAT for solar panels and heat pumps in the UK has been reduced to 0%. This guide explains the VAT policies for ...



### [Do you have to pay VAT on solar panels?](#)

The 5% VAT rate will apply to solar panels being installed on any residential property. This means that even when the 0% rate ends in 2027, you'll still pay less VAT on solar panels than you would have before April 2022.



### [Is there VAT on Solar Panels? , 0% VAT on Solar](#)

VAT on Solar Panels in the UK There is currently 0% VAT on solar panel installations for residential properties in the UK. This 0% VAT rate applies to



both the cost of solar panels and their installation, as well as to solar ...



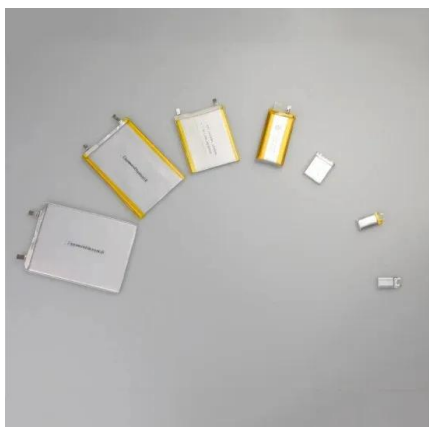
### [How Reduced VAT is Making Solar Panels More ...](#)

Conclusion The future of solar energy in Ireland looks sunnier than ever with the exciting news of reduced VAT on solar panels! The government's latest announcement, as part of the Finance Bill, is to bring down ...



### [VAT For Renewable Installations UK , Impact Services](#)

VAT Rates For Charities 0% VAT applies to the installation of the following energy savings materials in buildings intended for use solely for a relevant charitable purpose: Solar Panels (Roof and Ground) Battery Storage (Standalone or retro ...



### [VAT on Solar Panels Dropped Down to 0% Until 2027](#)

There is currently no VAT on solar panels fitted on residential properties in England, Scotland, Wales and Northern Ireland. This was introduced in April 2022 and will remain in place until 31st March 2027.



## Government Announces Zero VAT Rate for Solar

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The Irish government has recently announced a major incentive for homeowners looking to install solar panels on their private dwellings. Effective May 1st, 2023, there will be a zero rate of VAT for the supply and installation of solar panels. ...



## VAT on Solar Panels

As mentioned, for residential solar panel installations, the current VAT rate is 0% until March 31, 2027. This means that households can install solar panel systems without paying VAT standard rate on the price of the panels or installation.



## Is There VAT on Solar Panels?

Is There VAT on Solar Panels? Author: Steve Fairless Date Published: 24th January 2024  
Understanding VAT on Solar Panels in the UK  
In the UK, installing solar panels on residential properties is subject to a zero-rate VAT until 31 ...



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