

VAT rate for energy storage power stations





Overview

When will the VAT charge be removed for battery energy storage systems?

As of 1 February 2024, the UK government has removed the VAT charge for domestic battery energy storage systems (BESS) under any circumstance. The policy change, initially announced in December 2023, followed a lengthy campaign by both Solar Energy UK and parliamentarians to include retrofitted BESS in the 20% tax exemption.

When will the VAT zero rate apply to energy-saving materials?

The Government first announced the extension of the VAT zero rate to key energy-saving materials in its Spring 2023 Budget. Following an extensive consultation, the Government confirmed that from 1 February 2024 the zero rate of VAT will now apply.

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.

Why is the UK slashing VAT on battery storage to 0%?

Slashing VAT on battery storage to 0% is a monumental step by the UK government to incentivise the uptake of energy storage technology and catalyse the transition to renewable energy. Here are some of the key reasons this new policy is so significant: 1. Tackles a Major Barrier to Consumer Adoption



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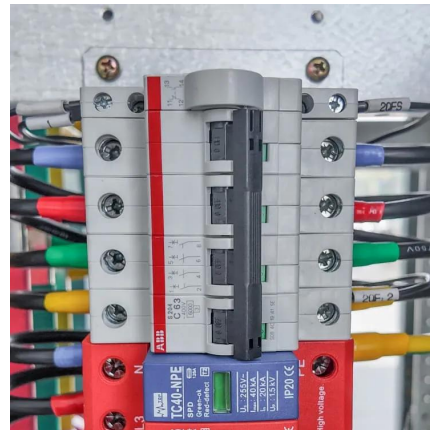


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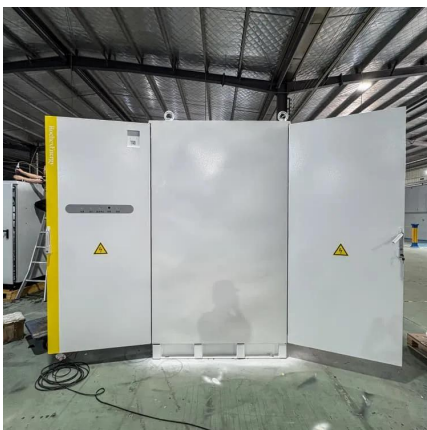


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