

# **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



## VAT rate for energy storage power stations

---

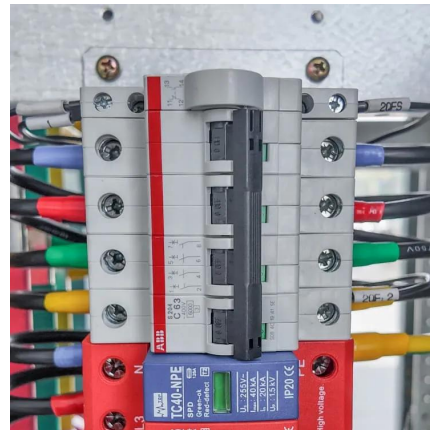


### [VAT relief on energy-saving materials](#)

May 16, 2024 · The Government has extended the VAT zero rate to a wider range of energy-saving materials. It is a welcome move for those wishing to buy and install battery storage, ...

### [Tax and Energy Series : China](#)

Jun 3, 2024 · In order to support the development of new energy in China, the country has been implementing a series of preferential policies nationwide for new energy vehicles, energy ...



### **UK government scraps VAT for all domestic BESS installations**

As of 1 February 2024, the UK government has removed the VAT charge for domestic battery energy storage systems (BESS) under any circumstance.

### [Research Briefing VAT on solar panels and other](#)

Mar 5, 2024 · 10 Summary A zero-rate of VAT on the installation of energy-saving materials (ESMs), accommodation, was introduced on 1 April 2022. At the time, implemented in ...



[VAT relief on energy-saving materials](#)

May 16, 2024 · The Government has extended the VAT zero rate to a wider range of energy-saving materials. It is a welcome move for those wishing ...



[Zero-rated VAT on battery storage systems](#)

From 1st February 2024, the UK government will implement a monumental new policy to slash VAT on battery storage systems to 0% in order to ...



[VAT on Energy Storage: Policies, Impacts, and What You ...](#)

Oct 12, 2021 · Why VAT Matters in the \$33 Billion Energy Storage Industry Let's face it: taxes aren't exactly the life of the party. But when it comes to energy storage--a \$33 billion global ...





### VAT relief for the installation of energy saving materials

Jan 25, 2024 · 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 ...

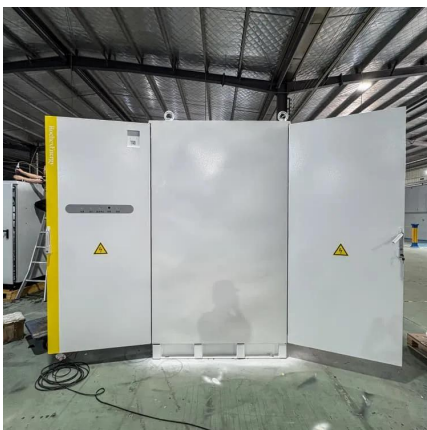


### Fuel and power (VAT Notice 701/19)

Apr 28, 2016 · Guidance Fuel and power (VAT Notice 701/19) Find out what VAT should be charged on supplies of fuel and power if you're a supplier or a user.

### **Understanding VAT Implications for Energy Storage Systems ...**

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 ...



### Zero-rated VAT on battery storage systems

From 1st February 2024, the UK government will implement a monumental new policy to slash VAT on battery storage systems to 0% in order to tackle financial barriers slowing consumer ...



### [UK government scraps VAT for all domestic ...](#)

As of 1 February 2024, the UK government has removed the VAT charge for domestic battery energy storage systems (BESS) under any circumstance.



### [20% VAT scrapped for battery storage](#)

Feb 1, 2024 · The UK government has exempted retrofitted battery energy storage systems (BESS) from its 20% VAT, from 1 February 2024.

### [VAT relief for the installation of energy saving ...](#)

Jan 25, 2024 · When energy-saving materials (ESMs) are installed, a reduced VAT rate (5%) is usually applied. However, there is a temporary ...



## Contact Us

For technical specifications, project proposals, or partnership inquiries, please visit:  
<https://eiei.pl>



## Scan QR Code for More Information



<https://eiei.pl>