

**2022 No. 361**

**VALUE ADDED TAX**

**The Value Added Tax (Installation of Energy-Saving Materials)  
Order 2022**

*Made - - - - at 11.20 a.m. on 23rd March 2022*

*Laid before the House of Commons at 3.00 p.m. on 23rd March 2022*

*Coming into force in accordance with articles 2 and 3*

The Treasury make this Order in exercise of the powers conferred by sections 29A(3), 30(4) and 96(9) of the Value Added Tax Act 1994(a).

**Citation and Commencement**

1. This Order may be cited as the Value Added Tax (Installation of Energy-Saving Materials) Order 2022.
2. Articles 1 to 7 come into force on 1st April 2022.
3. Article 8 comes into force on 1st April 2027.

**Amendments to the Value Added Tax Act 1994**

4. The Value Added Tax Act 1994 is amended as follows.

**Installation of energy-saving materials: Northern Ireland**

- 5.—(1) Schedule 7A (charge at a reduced rate)(b) is amended as follows.
  - (2) In the table in Part 1 (index), after “Energy-saving materials: installation” insert “in Northern Ireland”.
  - (3) In Part 2 (the Groups), in Group 2 —
    - (a) in the heading, after “materials” insert “in Northern Ireland”;
    - (b) in item 1, after “accommodation” insert “in Northern Ireland”;
    - (c) in item 2, in the words before paragraph (a), after “accommodation” insert “in Northern Ireland”; and
    - (d) in item 3, after “accommodation” insert “in Northern Ireland”.

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(a) 1994 c. 23. Section 29A was inserted by section 99(4) of the Finance Act 2001 (c. 9); section 96(9) was amended by paragraph 5 of Schedule 31 to the Finance Act 2001.

(b) Schedule 7A was inserted by section 99(5) of, and paragraph 1 of Schedule 31 to, the Finance Act 2001. Relevant amending instruments are S.I. 2002/1100 and 2019/958.

**Installation of energy-saving materials: England and Wales and Scotland from 1 April 2022 to 31 March 2027**

6. In Schedule 7A, in Part 2, in Group 3 (grant-funded installation of heating equipment or security goods or connections of gas supply), in items 8A and 8B, after “Supplies” insert “, so far as not falling within Group 23 in Schedule 8,”.

7.—(1) Schedule 8 (zero-rating) is amended as follows.

(2) In the table in Part 1 (index), at the appropriate place insert—

“Energy-saving materials: installation in England and Wales and Scotland from 1 April 2022 to 31 March 2027	Group 23”
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(3) In Schedule 8, in Part 2 (the Groups), at the end insert —

“GROUP 23: INSTALLATION OF ENERGY-SAVING MATERIALS IN ENGLAND AND WALES AND SCOTLAND FROM 1 APRIL 2022 TO 31 MARCH 2027

Item No

1. Relevant supplies of services of installing energy-saving materials in residential accommodation in England and Wales and Scotland.

2. Relevant supplies of energy-saving materials by a person who installs those materials in residential accommodation in England and Wales and Scotland.

NOTES:

*Meaning of “energy-saving materials”*

1. For the purposes of this Group “energy saving materials” means any of the following—

- (a) insulation for walls, floors, ceilings, roofs or lofts or for water tanks, pipes or other plumbing fittings;
- (b) draught stripping for windows and doors;
- (c) central heating system controls (including thermostatic radiator valves);
- (d) hot water system controls;
- (e) solar panels;
- (f) wind turbines;
- (g) water turbines;
- (h) ground source heat pumps;
- (i) air source heat pumps;
- (j) micro combined heat and power units;
- (k) boilers designed to be fuelled solely by wood, straw or similar vegetal matter.

*Meaning of “residential accommodation”*

2. (1) For the purposes of this Group “residential accommodation” means —

- (a) a building, or part of a building, that consists of a dwelling or a number of dwellings;
- (b) a building, or part of a building, used for a relevant residential purpose;
- (c) a caravan used as a place of permanent habitation; or
- (d) a houseboat.

(2) For the purposes of this Group “use for a relevant residential purpose” has the same meaning as it has for the purposes of Group 1 in Schedule 7A (see paragraph 7(1) of the Notes to that Group).

(3) In sub-paragraph (1)(d) “houseboat” has the meaning given by paragraph 7(3) of the Notes to Group 1 in Schedule 7A.

*Meaning of “relevant supplies”*

3. For the purposes of this Group “relevant supplies” means supplies made on or after 1 April 2022 and before 1 April 2027.”.

**Installation of energy-saving materials: England and Wales and Scotland from 1 April 2027**

8.—(1) In Schedule 7A, in Group 2—

(a) after item 3 insert—

“4. Supplies of services of installing energy-saving materials in residential accommodation in England and Wales and Scotland.

5. Supplies of energy-saving materials by a person who installs those materials in residential accommodation in England and Wales and Scotland.”;

(b) in note 1, after paragraph (e) insert—

“(f) in relation to items 4 and 5, wind turbines;

(g) in relation to items 4 and 5, water turbines;”.

(2) Omit the provisions inserted by —

(a) regulation 5(2) and (3)(a);

(b) regulation 6; and

(c) regulation 7.

*Alan Mak*  
*Amanda Solloway*

At 11.20 a.m. on 23rd March 2022 Two of the Lords Commissioners for Her Majesty’s Treasury

**EXPLANATORY NOTE**

*(This note is not part of the Order)*

This Order introduces a temporary relief from VAT in the form of a zero rate to be applied to the supply of installation of energy-saving materials in England and Wales and Scotland. The relief remains in force for the period from 1st April 2022 until 31st March 2027. The Order also widens the scope of the zero rate (from 1st April 2022 to 31st March 2027) and reduced rate (from 1st April 2027) for the installation of energy-saving materials in England and Wales and Scotland.

Article 5 amends Group 2 in Schedule 7A (reduced rating) of the Value Added Tax Act 1994 (c. 23) to maintain the reduced rate for the installation of energy-saving materials in Northern Ireland.

Article 6 provides that where a supply could fall within Group 3 (grant-funded installation of heating equipment or security goods or connections of gas supply) in Schedule 7A or new Group 23 in Schedule 8 (zero-rating), Group 23 applies.

Article 7 inserts into Schedule 8 a new Group 23 which describes the installation of energy-saving materials in England and Wales and Scotland that will attract the temporary zero-rate relief.

After the end of the temporary zero-rate relief for the installation of energy-saving materials in England and Wales and Scotland, article 8 provides that those supplies will be reduced-rated by inserting new items 4 and 5 into Group 2 of Schedule 7A.

A Tax Information and Impact Note covering this instrument will be published on the government website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.

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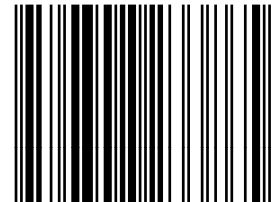
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