
STATUTORY INSTRUMENTS

2024 No. 24

The Value Added Tax (Installation of Energy-Saving Materials) Order 2024

Installation of energy-saving materials from 1st April 2027

2.—(1) In Schedule 7A to the Value Added Tax Act 1994 (charge at reduced rate)⁽¹⁾, in Part 2, Group 2 (installation of energy-saving materials from 1st April 2027)⁽²⁾ is amended as follows.

(2) In items 1 and 2, for “residential accommodation.” substitute “—

“(a) residential accommodation, or

(b) a building intended for use solely for a relevant charitable purpose.”.

(3) In paragraph 1 of the notes (meaning of “energy-saving materials”)—

(a) the existing text becomes sub-paragraph (1);

(b) after sub-paragraph (1)(i) insert—

“(ia) water source heat pumps;”;

(c) after sub-paragraph (1)(k) insert—

“(l) electrical storage batteries within [sub-paragraph \(2\)](#);

(m) smart diverters.”;

(d) after sub-paragraph (1) insert—

“(2) An electrical storage battery is within this sub-paragraph if it is intended for use solely for storing energy converted from electricity that was—

(a) supplied to the residential accommodation or building in question, or

(b) generated by a microgeneration system.

(3) In sub-paragraph [\(2\)](#), “supplied” is to be construed in accordance with Part 1 of the Electricity Act 1989⁽³⁾ (see section 64(1) of that Act).

(4) In sub-paragraph (1)^(m), “smart diverter” means a device capable of automatically diverting electricity generated by a microgeneration system to one or more appliances, in particular circumstances.

(5) In sub-paragraphs [\(2\)](#) and [\(4\)](#), “microgeneration system” means equipment—

(a) that generates electricity, and

(b) that is itself an energy-saving material for the purposes of this Group.”.

(4) After paragraph 1 of the notes, insert—

⁽¹⁾ Schedule 7A was inserted by section 99(5) of, and paragraph 1 of Schedule 31 to, the Finance Act 2001.

⁽²⁾ Group 2 was amended by section 193 of the Finance Act 2013 (c. 29) and by the following amending instruments: [S.I. 2004/777](#); [2005/726](#); [2005/3329](#); [2019/958](#); [2022/361](#) and [2023/376](#).

⁽³⁾ [1989 c. 29](#). Relevant amendments have been made by section 28 of, and Schedule 8 to, the Utilities Act 2000 (c. 27), sections 89, 135, 145 and 179 of the Energy Act 2004 (c. 20), section 147 of the Energy Act 2013 (c. 32) and section 213 of the Energy Act 2023 (c. 52). There are further amendments by the Energy Act 2023 that are not yet in force. [S.I. 2012/2400](#) also made relevant amendments.

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

“Installation of heat pumps

1A. For the purposes of item 1, “installing energy-saving materials” includes carrying out groundworks, or dredging a body of water, in order to install pipework or other equipment necessary for the operation of a ground source heat pump or a water source heat pump.”.

(5) After paragraph 2 of the notes, insert—

“Meaning of “use for a relevant charitable purpose”

3. For the purposes of this Group a building is used “for a relevant charitable purpose” if it is used by a charity—

- (a) otherwise than in the course or furtherance of a business, or
- (b) as a village hall or similarly in providing social or recreational facilities for a local community.”.