

Heating Controls Eligible for 0% VAT

July 2022

New measures introduced by the Treasury mean that from 1 April 2022 until 31 March 2027 a zero rate of VAT applies to the installation of heating controls, as one of a number of specified energy-saving materials. Full details can be found on the [gov.uk website](https://www.gov.uk) and are summarised here.



For many years, heating controls have been one of several designated energy-saving products whose installation incurs a reduced VAT rate of 5%. As a measure to help householders with rising energy costs this rate has been temporarily reduced to 0%, and previously complex eligibility criteria removed. It is important for heating installers to be aware of these changes so that they can offer the benefits of lower cost installation to their customers.

The key points are below:

- A 0% rate of VAT rate applies to both the installation of heating controls and the cost of the controls.
- It is not possible to get the zero rate of VAT if, for example, heating controls were purchased from a DIY shop. A customer would have to pay for both the supply and the installation to benefit.
- Heating and hot water controls covered by this reduced rate are manual or electronic timers, thermostats, and mechanical or electronic valves, including thermostatic radiator valves.
- All homes in England, Wales and Scotland are eligible for the 0% VAT rate without any qualifying conditions. Previous qualifying conditions continue to apply in Northern Ireland.

An important factor for heating installers to consider is that this will only apply to heating and hot water controls installed separately from other heating system work. When controls are installed as part of a central heating installation or a boiler replacement then the VAT rules consider this to be a single supply of a central heating system or boiler replacement. As neither of these are on the list of eligible energy saving materials (unless grant funded or a heat pump system), then the standard rate of VAT will apply to the whole job.

The reduced rate should allow heating controls upgrades to be offered to householders at a lower cost and could allow installers who take advantage of this the opportunity to offer upgrades at a lower cost than their competitors without impacting on their profit margin.