



Press Release
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Reduced VAT rate of 5% on any Residential Air Source Heat Pump System

Space Air is reminding people considering energy saving heating that there can be VAT saving benefits too. When installing any heat pump systems for residential applications, end users can qualify for 5% reduced VAT.

Follow this HM Revenue and Customs link <http://bit.ly/1e8Pa3s> for full information.



Instances where heat pump installation qualifies for the reduced VAT are:

- Reduced VAT rate applies on Energy Saving Materials in residential applications (such as heat pumps).
- Houses, flats, Armed Forces and Children's residential accommodation.
- Homes providing care for the elderly, disabled or people who suffer drug or alcohol dependency or mental disorder and hospices.
- School and University residential accommodation.
- Self catering holiday accommodation.
- Permanently sited caravans (7m plus long or 2.3m wide).
- Permanent residential houseboats (subject to council tax).

How the reduced VAT rate works:

- The reduced rate mainly applies to residential properties.
- Equipment and installation costs for a qualifying project must be on the same invoice to benefit from the reduced rate of VAT. Therefore, the contractor will purchase the equipment at the standard rate VAT (20%), but will sell to the qualifying final customer at the reduced rate VAT (5%) and include installation.
- The 'input tax' (VAT paid by the supplier when he made the purchase) will be more than the 'output tax' (VAT he charges) and the difference between the two can be reclaimed from Customs and Excise via the normal VAT return.

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