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#### 48 VAT: installation of energy-saving materials

- (1) In Part 2 of Schedule 7A to VATA 1994, Group 2 (installation of energy-saving materials) is amended as follows.
- (2) For items 1 and 2 substitute –
  - “1 The supply of services of installing energy-saving materials in residential accommodation, where the energy-saving materials are not supplied by the person supplying the services.
  - 2 The supply of services of installing energy-saving materials in residential accommodation, including the energy-saving materials installed, where –
    - (a) the supply is made to a qualifying person,
    - (b) the supply is made to a relevant housing association, or
    - (c) the residential accommodation is a building, or part of a building, used solely for a relevant residential purpose.
  - 3 The supply, in a case not falling within item 2, of services of installing energy-saving materials in residential accommodation, including the energy-saving materials installed (but see note A1).”
- (3) After “NOTES:” (and before the italic heading “Meaning of “energy-saving materials””) insert –

*“Restriction on item 3*

- A1 (1) Item 3 does not apply to a supply so far as relating to the energy-saving materials installed if the cost of those materials to the person to whom they are supplied exceeds the cost to that person of the service of installing them.
- (2) In sub-paragraph (1), references to costs are to costs net of VAT.”
- (4) In note 1 (meaning of “energy-saving materials”) omit paragraphs (e) to (g).
- (5) After note 3 insert –

*“Meaning of “qualifying person”*

- 4 For the purposes of this Group “qualifying person” has the same meaning as it has for the purposes of Group 3 (see paragraph 6 of the Notes to that Group).

*Meaning of “relevant housing association”*

- 5 For the purposes of this Group “relevant housing association” has the meaning given by Note 21 of Group 5 in Part 2 of Schedule 8.”
- (6) The amendments made by this section have effect in relation to supplies made on or after 1 August 2016, except for –
  - (a) supplies paid for before that date, and
  - (b) supplies made pursuant to a contract entered into before that date.