

## VAT Treatment of heat pump heating systems

This document should be read in conjunction with section 46 (1) (a) (c) & (ca) and paragraphs 9(1), 12A and 15(2) of Schedule 3, of the VAT Consolidation Act 2010 (VATCA 2010)

Document updated February 2025

---

## Introduction

This guidance sets out the VAT treatment of heat pump heating systems.

For information on the VAT treatment of fixtures and fittings, and construction services please see Revenue's guidance on [fixtures and fittings](#) and [construction services](#).

### 1 Low emission heat pump heating systems

From 1 January 2025, the supply and installation of a low emission heat pump heating system is taxable at the [second reduced rate](#). The supply and installation of a heat pump heating system can include key equipment such as heating controls, radiators, underfloor heating emitters and the associated pipework where required to facilitate the effective/efficient operation of a heat pump.

Prior to 1 January 2025, the supply and installation of a heat pump heating system was taxable at the [reduced rate](#) of VAT, subject to the [two-thirds rule](#).

### 2 VAT treatment

The supply and installation of a low emission heat pump heating system is taxable at the [second reduced rate](#). For the [second reduced rate](#) to apply, the supply of the heat pump heating system and its installation must be the responsibility of the same business in the same supply (i.e. a supply and install contract). The rate is not limited to supply and installation contracts for residential property only; it applies regardless of the property involved.

The [standard rate](#) of VAT will apply to the supply of a heat pump heating system if there is no installation contract in place with the supply of the goods.

The [reduced rate](#) of VAT may apply to the installation of a heat pump heating system if there is a separate installation contract.