



Spring statement: VAT cut for going green

The announcement of the spring statement brought the news that VAT on energy saving materials is set to be scrapped. Chancellor Rishi Sunak said the move was partly due to rising energy costs as homeowners look to use as little energy as possible in order to save on their bills. The move will see materials such as solar panels, heat pumps and insulation be entirely exempt from VAT for the next 5 years.

As the spring statement was announced in late March, there was good news for homeowners looking to improve the energy efficiency of their properties. Rishi Sunak announced that all VAT on energy saving materials would be scrapped. The previous, already discounted VAT rate of 5% will now be completely disregarded as the government attempt to encourage homeowners in the UK to make their houses as energy efficient as possible – partly to help ease the impact of the rising energy bills and partly in a bid to combat the climate crisis.

Although the move is designed to help homeowners save some extra cash if they decide to make

environmentally conscious changes to their home – there is no doubt that it can still be an expensive thing to do. Given the cost-of-living crisis that is currently being felt across the UK, you may be reluctant to take on any expensive projects, but there are ways of financing this kind of thing without breaking the bank.

Remortgaging could be the perfect way to finance some environmental home improvements. It's one of the easiest ways of freeing up some extra cash, which could be put towards taking advantage of the discounts on energy saving materials as well as keeping some back to help deal with the rise in energy costs. On top of this, with the base rate on the

rise and all signs pointing to it continuing on its upward trend – remortgaging to a long-term fixed rate mortgage could be the best way to avoid being more seriously affected by the rise in interest.

If you have been considering making improvements or renovations to your home, now could be a good time to make a start. Not only does the lack of VAT on energy saving materials offer new opportunities to save money, but the predicted further rises in the base rate mean that locking in a long-term fixed mortgage as soon as possible could save you from a much higher mortgage repayment rate in the future. Remortgaging in the near future could also free up funds to help you through the cost-of-living crisis that is set to get worse before it gets better with further energy price increases expected come Autumn. If you are considering taking advantage of the 0% VAT on energy saving materials or just considering remortgaging to lock in a longer-term fixed rate before rates increase, don't hesitate to get in contact with one of our advisers today.



If you'd like to discuss the options available to you, contact your adviser today.