



# SOLAR PANELS ON YOUR PROPERTY

Advisory Handbook 2025



Are you considering installing solar panels on your private property? As an individual, you are no longer required to pay VAT. But what are the specific rules? And what if you are an entrepreneur working from home and also wish to install solar panels? What are the tax options in that case? How does the net metering scheme work?

This Advisory Handbook will answer these questions.

## VAT ON SOLAR PANELS

From 1 January 2023, a 0% VAT rate applies to the supply and installation of solar panels on or near a property. However, specific conditions must be met. The reduction of the VAT rate to 0% means that for most individuals, it is more beneficial not to be subject to VAT obligations.

Since the solar panels you purchase do not include VAT, you cannot reclaim VAT. However, if you are VAT-liable, you must pay VAT on the energy you generate and consume yourself, as well as on the energy you generate and supply to your energy provider.

## WHEN DOES 0% VAT APPLY?

The 0% VAT rate applies to non-integrated solar panels. These are panels that do not also serve as roofing. For integrated solar panels, the 0% rate is applicable on new-build properties, but only if the solar panels are supplied or installed exclusively. If both the solar panels and the new-build property are supplied, the panels become part of the property, and the standard VAT rate of 21% applies to both the property and the panels.

The 0% rate is not limited to solar panels installed on the roof of a property but also applies to their supply and installation on a garage, shed, conservatory, extension, or in the garden of a property. This can also include a holiday home or a business-at-home property, provided the solar panels are also used privately. Finally, solar panels purchased by an Owners' Association for installation on an apartment complex also fall under the 0% VAT rate.

## HOW TO AVOID VAT OBLIGATIONS?

As previously mentioned, it is generally advantageous for most individuals to avoid VAT obligations. From a tax perspective, two scenarios must be distinguished:

1. If your annual turnover from energy is a maximum of €1,800, this is the simplest situation because you do not need to take any tax action. You are also not required to register with the Dutch Tax and Customs Administration.
2. If your annual turnover from energy exceeds €1,800 but does not exceed €20,000, you can make use of the Dutch Small Businesses Scheme (Kleineondernemersregeling, KOR). This is likely if the generating capacity of your installation exceeds 15,000 Watt-peak. Even under the KOR, you do not charge VAT, nor can you reclaim VAT yourself. Individuals generating up to €20,000 in electricity can use the KOR. This also applies to entrepreneurs with a turnover – including electricity generated by the solar panels – of a maximum of €20,000. If you wish to apply for the KOR, you must register with the Dutch Tax and Customs Administration.

### Important!

If you choose to apply the KOR (for turnover between €1,800 and €20,000), you are no longer required to maintain it for a minimum of three years after registration, as of 2025. Additionally, you do not have to wait three years to reapply if you deregister. From 1 January 2025, this waiting period is limited to the remainder of the year in which you deregister and the following year. If you are an entrepreneur and invest within this period, you cannot reclaim the VAT on these investments. Keep this in mind.

## VAT REFUND ON PART OF THE PROPERTY?

For a long time, there has been a question of whether, in addition to the VAT on solar panels, a portion of the VAT on the construction costs of a property can also be deducted, as the property is necessary for installing the panels. It is now clear that, in general, VAT on the construction costs of a property is not deductible. The Dutch Supreme Court has ruled that a private individual having a property constructed incurs these construction costs regardless of whether solar panels are installed. The costs are therefore not incurred for the purpose of generating energy with solar panels and supplying it for a fee. As a result, VAT on these construction costs cannot be deducted.

### Tip!

Would you like to know if a portion of the VAT on the construction costs of your property can still be deductible in your case? For example, because you believe that you would not incur these construction costs 'in any case'? Contact us, and we can explore the possibilities with you.

## SELF-EMPLOYED INDIVIDUALS WORKING FROM HOME

Entrepreneurs who work from home, install solar panels on their property, and have a turnover exceeding €20,000 are subject to VAT on the energy generated by the solar panels. This means they must pay VAT on the energy they supply back to the energy provider and on the energy they consume themselves. The payable amount may be determined using a flat rate if the generating capacity of the solar panels does not exceed 15,000 Watt-peak per year.

### Note!

Using the flat rate is not mandatory for a generating capacity of no more than 15,000 Watt-peak per year. You may also calculate the actual consumption.

If you generate more than 15,000 Watt-peak per year, you must calculate the VAT payable – as accurately as possible – based on consumption.

### Tip!

The [Dutch Tax and Customs Administration](#) website provides all the information about VAT declarations for your solar panels, along with several sample declarations.

## VAT FLAT RATE

When using the VAT flat rate, the annual generating capacity of the solar panels is decisive, as well as whether the panels are integrated or non-integrated. The VAT amount due is determined according to the table below:

Generating Capacity (Watt-peak per year)	Flat Rate Non-Integrated	Flat Rate Integrated
0-1000	€ 20	€ 5
1001-2000	€ 40	€ 10
2001-3000	€ 60	€ 20
3001-4000	€ 80	€ 30
4001-5000	€ 100	€ 40
5001-6000	€ 120	€ 50
6001-7000	€ 140	€ 60
7001-8000	€ 160	€ 70
8001-9000	€ 180	€ 80
9001-10000	€ 200	€ 90
10001-11000	€ 220	€ 100
11001-12000	€ 240	€ 110
12001-13000	€ 260	€ 120
13001-14000	€ 280	€ 130
14001-15000	€ 300	€ 140

### Important!

If you use the flat rate, you may not charge VAT to your energy provider.

### Tip!

If you have received a subsidy for purchasing the solar panels, no VAT is payable on this subsidy.

## IMPACT OF SOLAR PANELS ON BUSINESS PROFITS

Entrepreneurs can classify the solar panels installed on the roof of their private property as business assets, provided they are used at least 10% for business purposes. If the panels are considered business assets, they can be depreciated. According to a court ruling, the depreciation period is twenty years.

In another court ruling, it was determined that solar panels cannot be depreciated separately and do not constitute independent business assets. Instead, they are regarded as part of the building on which they are installed. This ruling involved rental properties owned by a housing corporation. The circumstances of this case were so specific that it is unclear whether it should be interpreted as meaning that solar panels always form part of a building.

If the solar panels are treated as business assets, both the energy generated and used privately count as business income. The amount must be estimated as accurately as possible. Another option is to monitor business energy consumption using separate meters.

In addition to depreciation, solar panels may also qualify for the small-scale investment allowance (kleinschaligheidsinvesteringsaftrek). If you purchased solar panels in 2023, you could depreciate them at an accelerated rate, up to a maximum of 50% in that year. The remaining purchase price must then be depreciated over the next nineteen years.

The above means that if you are considering investing in solar panels, you should carefully calculate in advance whether you will classify the panels as business assets. The advantage is that you can depreciate the panels, benefit from the small-scale investment allowance, and the facility for accelerated depreciation. The disadvantage is that the energy generated but not used for business purposes must be included in your profit. Whether this is beneficial or not will depend on your circumstances. If in doubt, consult your advisor.

## **IMPACT OF SOLAR PANELS ON THE PROPERTY VALUE (WOZ)**

A court has previously ruled that installing solar panels can increase the WOZ value (valuation of immovable property) of your property. This means that, as an owner, you may receive a higher municipal property tax (OZB) assessment and need to declare a higher notional imputed rental income of the owner-occupied home in your income tax return.

This applies regardless of whether you have installed integrated or non-integrated solar panels. The fact that you can remove the panels when you move is also irrelevant. In practice, however, not all municipalities take the presence of solar panels into account when determining the WOZ value.

## **SOLAR PANELS PURCHASED BEFORE 2023**

If you purchased solar panels as an individual or entrepreneur before 2023, VAT was charged at 21%. You could claim back this VAT as an individual or entrepreneur. To do so, you were required to submit the "Solar Panel Owners Declaration" form to the Dutch Tax and Customs Administration within six months of the year of purchase. If you purchased solar panels in 2022, you had to submit this form before 1 July 2023.

### **Tip!**

After this period, you still have five years from the end of the calendar year in which the solar panels were purchased to submit the form. Any VAT return you file after this period is treated as a 'discretionary' VAT refund request. If this request is denied, you cannot appeal against it substantively in court.

## **THE NAME OF THE VAT ENTREPRENEUR MUST ALSO BE ON THE ENERGY BILL**

If the solar panels are part of a (marital) community of property, only the person named on the energy bill can register as a VAT entrepreneur. The invoice for the solar panels must also be in this person's name.

If the solar panels are not part of a community of property, only the person purchasing the solar panels can register as a VAT entrepreneur. In this case, the energy contract must also be in this person's name.

## **DUTCH SMALL BUSINESSES SCHEME (KOR)**

If you are registered as an entrepreneur, you must pay VAT on the energy generated. However, you can avoid this by opting for the Dutch Small Businesses Scheme (Kleineondernemersregeling, KOR) after the year of purchase, provided your annual turnover does not exceed €20,000. For this reason, many self-employed individuals (ZZP'ers) may not be eligible for the KOR.

## **NET METERING SCHEME**

The Netherlands has a so-called net metering scheme. Under this scheme, the electricity you supply is offset against the electricity you consume. Even in the case of net metering, you receive a fee for the electricity you supply.

Even if you consume more electricity than you supply, you are still considered a VAT entrepreneur because, in practice, there will always be times when you generate more electricity than you consume at that moment.

It does not matter whether you have a so-called smart meter or not. The compensation applies to all meters.

## **TERMINATION OF THE NET METERING SCHEME**

The net metering scheme will be terminated from 2027. From that point, owners of solar panels who supply self-generated electricity back to the grid will no longer be able to offset this against the electricity they consume.

However, energy suppliers will still be required to pay a fee for all electricity you supply back to the grid. Until 2030, this fee must be at least 50% of the basic supply rate, which is the rate excluding taxes. The Netherlands Authority for Consumers and Markets (ACM) will supervise these fees.

## **CONTACT**

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### *Disclaimer*

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