

## PRESS RELEASE

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### Reduced VAT rates for building renovation is key for energy efficient economies

*EuroACE, the European Alliance of Companies for Energy Efficiency in Buildings, strongly favours reduced VAT rates for the renovation of existing buildings and calls on the European Commission to maintain this measure in its current review of EU VAT legislation.*

In line with its Climate Objectives and Growth Agenda, the EU has placed requirements on buildings through the Energy Performance of Buildings Directive and through the recently adopted Energy Efficiency Directive. The use of reduced VAT rates **facilitates the application of these Directives by stimulating labour intensive renovation activities across the EU.**

Increasing renovation rates from the current average of about 1.2% to about 3%, would not only help the EU to achieve its **climate objective goals** but would also provide a wide-range of **multiple benefits<sup>1</sup> in terms of job creation, lower energy bills and reduced fuel poverty.**

Maintaining reduced VAT rates on labour-intensive services involved in building renovations is a crucial means for Member States to **support the renovation market and thereby release the huge energy saving potential in buildings.** Closing this window of opportunity would send a disastrous signal to this industry in these times of serious economic downturn in many EU countries, where a **lack of financial incentives remains a fundamental stumbling block for the renovation sector,** despite its widely documented benefits.

Maintaining these reduced VAT rates can also contribute to a **long-term sustainable solution to the rising problem of fuel poverty.** Rather than prolonging the reduced VAT rates to energy products in the shape of fuel subsidies, a short-sighted policy, governments must be encouraged to invest in comprehensive renovation programmes which can deliver an **80% reduction in energy demand in the EU's building stock.** Only by addressing the **structural problem linked to high energy consumption** by reducing our energy demand will low-income households benefit from **reduced energy bills in a sustainable way.**

*"The multiple benefits of energy efficient building renovations are enshrined in the EU's Energy Performance of Buildings Directive and Energy Efficiency Directive", explains Adrian Joyce, Secretary General of EuroACE. "But the implementation of both of these directives at the national level presents a huge challenge, particularly for economic reasons. **Favourable financial schemes which do not distort the market, such as reduced VAT rates for renovation activities, support the Member States in their implementation**"*

Read EuroACE's full Response to the Public Consultation launched by the European Commission on [www.euroace.org](http://www.euroace.org)

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<sup>1</sup> Copenhagen Economics: [Multiple Benefits of Investing in Energy Efficient Renovation of Buildings](#) (Oct 2012)

## For further information:

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*EuroACE represents Europe's leading companies involved with the manufacture, distribution and installation of energy saving goods and services for buildings. EuroACE members have a total turnover of around €140 billion per year in efficiency-related business and they employ approximately 172,000 people in these activities in Europe. The mission of EuroACE is to work together with the EU institutions to help Europe move towards a more efficient use of energy in buildings, thereby contributing to Europe's commitments on climate change, energy security and economic growth.*

## EuroACE Members (January 2013) are:

