REGULATION
on the refund of value added tax (VAT) on the purchase of heat pumps for the heating of residential accommodation.

Article 1
Scope.

The Directorate of Internal Revenue shall refund VAT paid on the purchase of heat pumps for the heating of residential accommodation, as further provided in this Regulation. Refunding under this Regulation does not extend to recreational housing as defined in Article 2 of Act No 75/2008 on recreational settlements and leasing of land for recreational housing.

Article 2
Conditions for refund.

A heat pump, within the meaning of the first sentence of Article 1, is a device consisting of pumping equipment and pipes which form a closed gas or liquid system in order to improve the efficiency of the electric heating of residential accommodation.

A refund is granted on the condition that the heat pump to which the application relates was installed in a residential accommodation owned by the applicant.

Authorisation for a refund under this Regulation, applies to the VAT incurred on the purchase of a heat pump, but not to VAT on the installation of the pump; including transport and consultancy. If the same party sells and installs a heat pump, the price of each service shall be listed separately on the sales invoice. This condition may be waived provided the applicant can otherwise disclose the price of the heat pump in a verifiable manner.

In the case of a domestic seller, it is further required that the seller of the heat pump be registered in the value added tax register in the period when the transaction took place.

Article 3
Application.

An application for a refund shall be filed with the Directorate of Internal Revenue in the form determined by the Directorate. This application shall be accompanied by the original copy of the sales invoice or receipt of payment, from the customs authorities and attestation certifying that the invoice has been paid.

Article 4
Refund periods.

Each refund period is two months (January and February, March and April etc.). Those who are eligible for a refund of VAT under the provisions of this Regulation shall, after the end of each refund period, send an application for reimbursement to the Directorate of Internal Revenue along with the documentation required according to Article 3. Reimbursement shall take place as soon as possible, and never later than 30 days after the Directorate of Internal Revenue has received the application.

Article 5
Entry into force.

This Regulation is adopted in accordance with the authority contained in Article 49(1) of Value Added Tax Act No 50/1988, as amended. This Regulation shall enter into force immediately, it remains in force until 29 May 2019 and on its entry into force it repeals Regulation No 850/2014, on the refund of value added tax (VAT) on the purchase of heat pumps for the heating of residential accommodation. This regulation has been notified in accordance with the provisions of Directive 98/34/EC laying down a procedure for the provision of information in the field of technical standards and regulations.

For the Minister

_______________________    ______________________
Marianna Jónasdóttir            Steinar Órn Steinarsson