

Project leader



Partners



REFUND +

Qualitative assessment of direct fiscal measures

Study of the Belgian case Focus groups with installers

Final version



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Supported by



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I. Context and Objectives

1. Context

The tax allowance for the 8 energy saving measures were taken by the federal government as one of the different measures to reach the Kyoto goals. One of the energy saving measures is the replacing of old boilers on oil fuel. By replacing this old boilers by high efficient condensing gas or RES-boilers, the federal government hoped to save 30% of CO₂ emissions, less NO_x and almost no SO₂ emissions in residential buildings.

The tax reduction system for energy saving measures in a residential dwelling was approved by the federal government and published on the 20th December of 2002 in the royal resolution 'tot wijziging van het KB/WIB 92 inzake de belastingsvermindering voor energiebesparende uitgaven in een woning' (Income Tax allowance for energy saving investments in a residential dwelling). 7 types of measures were permitted for fiscal reduction:

1. Replacement of an old central heating system by a new condensing boiler, wood boiler or heat pump.
2. Energy audit
3. Solar thermal appliances
4. Photo Voltaic appliances
5. Higher isolating windows
6. Isolation of roofs
7. Regulation of central heating system by programmable thermostats, thermostatic valves or exterior temperature sensors

15% of the expenses of investments in energy saving and RES measures could be deducted from the net taxable income (tax base) for the measures 1,3 and 4. 40% was applicable for the other measures. Expenses (15-40% of the investment) up to the annual amount of 500 € for new dwellings and 600 € for renovation of building were eligible in 2003. The 15-40% of the tax measure is the amount of tax reduction that everybody who pays taxes can receive. The tax reduction is not depended on the marginal tax rate. The reimbursement of the tax can never be more than the total sum of the tax to be paid. If the consumer doesn't have to pay taxes, no reimbursement is given. The reimbursement can not be combined with other investment tax reduction or with professional tax reductions.

The amount can be declared by households for investing in the equipment and installing cost of the different measures. This amount is for the total sum of all the measures.

The tax allowance is implemented since 01/01/2003. Before 2003, tax measure was never implemented for RES or energy efficiency sector.

On the 23rd of June 2004 the legislation changed (Artikel 145 24 Wetboek van de inkomstenbelasting 1992). The first important change was the introduction of an 8th measure: Installation of the heat pump. This change was important because from that

moment also new dwellings could apply for the fiscal tax reduction for heat pumps without the condition of changing an old heating system by a heat pump. A second important change was the level of 40% that could be recovered for every measure. Other changes were the technical conditions of the measures who were adapted at the state-of-the-art technology.

During the following years after 2004 the most important evolution was the amount of expenses that could be declared. This maximum ceiling increased over the years. The maximum was a fixed amount in 2006: 1280 €. In 2007 it will be 2600 €, with a special treatment for solar thermal appliances and photo voltaic appliances were 3380 € can be declared (approved by the 'Programmawet 2007"). Next to this, the equal treatment of new and renovation of building was another important evolution in the legislation. The last evolution is that next to the replacement of an old boiler also the cost of the maintenance of a boiler can be recovered.

The conditions of eligibility for all fiscal energy saving en RES measurements are the following:

- Before 2005 the person has to be the owner of a residential unit, since 01/01/05 the person can also be a tenant. The installation has to be done by a registered building contractor.
- For replacing an old boiler by a new wood boiler, the wood boiler has to fulfil the norm EN 12809, it has to be a boiler with automatic filling of the non-treated wood or pressurised wood dust. The nominal useable efficiency has to be minimum 60% following the norms 303-5.
- For solar boilers the conditions are the following: the panels have to be installed between east and west direction via the south, the inclination of the panel has to be between 0° and 70° recording to the horizon, measurements has to be taken to minimise the risk for contamination of legionellose. The solar boiler can not be used for heating of swimming pools.
- The conditions of eligibility for a heat pump are the following: The heat pump has to have the EC-label and the pump has to have a minimum COP of 3.

There is no restriction on the fact that the technology is made in Belgium or an imported installation from abroad. There are no restrictions of that kind. The only restriction is that it has to be installed by registered building constructor.

Please recall the feature of the tax measure as in the interview report.

2. Methodology

The guidelines of Observ'ER are used as the basic document and translated to Dutch and French. Some questions were added to the basic documents concerning the specific Belgian situation. Following questions were raised for Belgium:

- In Belgian there is a combination of premiums given by regions, municipalities, districts or energy companies and the fiscal measure. During the focus group discussion installer and distributors were asked to explain there experience with the different measures and systems.
- The fiscal measure in Belgian is not only given for renewable energy production systems but also for other energy saving measures. More specific questions were raised during the focus group discussion

regarding the interaction between the different energy saving and renewable energy measure for the same application of the fiscal measure.

In the first focusgroup discussion the order of the questions was strictly followed but felt as not the comfortable so this was changed for the following discussions. Also more open questions were used to come to more discussion.

For the organisation of the focusgroupdiscussion VITO asked subcontractor KHK to cover the communication skills and input. VITO arranged the organisation of the discussion groups together with the promotion organisms of the different renewable energy technologies. VITO also took the coordination on them and was responsible for the technical input.

The three focusgroup discussions started all with a short introduction of the Refund+ project, followed by the explanation of the group discussion and finally the discussion.

For the organisation of the focusgroup discussion of the woodboiler sector in Brussels on the 15th of February 2008 ODE-Vlaanderen was contacted and Valbiom to organise together the meeting. ODE-Vlaanderen is the promotion organism of renewable energy in Flanders. Valbiom is the Belgian promotion organism of biomass. VITO arranged in the buildings of the federal government a meeting, installers and distributors of woodboilers were invited by mail and phone based on contact lists of the promotion organisms. The discussion with the wood boiler sector was planned to take 2 hours but in reality it took 3 hours.

The focusgroup discussion with the solar boiler sector was organised together with Belsolar in their offices in Brussels on the 11th of March 2008. Belsolar is the Belgian sector federation for solar energy. The discussion with the solar boiler sector took 1.5 hour and was organised as first point on the agenda of a Belsolar meeting.

The last focus group discussion with the heatpump installers and distributors was organised the 19th of March 2008 at the De Nayer Institute in Sint-Katelijne-Waver in cooperation with the heat pump platform of Flanders. Additional installers of heat pumps of Wallonia were invited but were not present. At the time of the organisation of the meeting no promotion organism in Wallonia was known, but on that meeting it was announced that also in Wallonia a new platform of heating pumps will be formed. The discussion with the heat pump sector took 2 hours and was organised as last point of their platform meeting.

After the discussion the positive reactions were heard. They were pleased that the sector was asked for input about the current policies and asked for their experiences in real live. Participants asked to keep them informed about the further development of the project and the results that will come out of this.

Wood boiler focus group discussion

Name	Job Title	Company	Address
Mr. Gram	Installer	Sunquest (installer)	Rue du rivage 18, 1370 Mélin
Mr. Morello	Installer	Buderus (installer)	Rue Blériok 40, 6041 Gosselies
Mr. Lincer	Installer	Limbu SA, Groupe LMP (installer)	Avenue des devineurs 24, 4970 Stavelot
Mr. Overheyden	Installer	Belalternative sprl. (installer)	Rue des Jardins 9, 5537 Stavelot
Mr. Van Wonterghem	Installer	Stroomop (installer)	Twaalfdeliniestraat 42, 8520 Kuurne
Mr. Delannoye	Installer	HDCV bvba (installer)	Kerkelei 33, 2550 Waarloos
Mr. Derveaux	Installer	SHT (installer)	Stuivenbergbaan 150, 2800 Mechelen
Mr. Van Lieshout	Engineer Flemish Energy Department	VEA	Koning Albert II laan, bus 17, 1000 Brus
Mr. Marchal	Facilitator	Valbiom	Chaussée de Namur 146, 5030 Gemblou
Mr. Vleeschouwers	Chairman bio-energy platform	Boerenbond VZ bio-energieplatform	Diestsevest 40, 3000 Leuven

Solar boiler focus group discussion

Name	Job title	working in the company since	Company	Address	number of installations for the concerned technolgy
Mr. Gram	Director	6 years	Sunquest (installer)	Rue de ravage 18, 1370 Melin	# 250
Mr. Dewallef	Business Development	12 years	Soltech (installer)	Hoegaarden	#100
Mr. Verbunt	Director	11 years	Sun Technics (installer)	Hoeksken 56, Lille	
Mr. Lenoir	Business Development	19 years	Ecostream (installer)	Krommeweg 24D, 9990 Maldegem	#500
Mr. Persoons	Commercial responsible	7,5 years	Sanutal (installer)	Herentalsesteenweg 85, 2280 Grobbendonk	# 500
Mr. Piette	Technical director	7,5 years	Viessmann (installer)	Hermestraat 14, 1930 Zaventem	# 1000
Mr. Degheselle	Director	9 years	3E	Vaarstraat 61, 1000 Brussel	

Name	Job title	Working in the company since	Company	Address
Michaël Martel			Belklima (installer)	Baron Quzettelaan 25, Brugge
Marc Seré			Buderus (installer)	St-Quirinusstraat 5, Heeks
Johan Verheyden			Verheyden	Mechelbaan 5, 2861 St-Katelijne Waver
Jan Geboers			GEBO	Stenehei 2, 2480 Dessel
Flor Huysmans			BVBA Flor Huysmans (installer)	Nachtegaallaan 38, 2470 Retie
Ivan Piette	Technical Director	8 years	Viessmann (installer)	Hermesstraat 14, 1930 Zaventem
Kurt De Beeck	Technical Director	1 year	Masser (installer)	Dorenbaan 2-4, 3071 Erps-Kwerps
Luc De Smet	Manager Air heatpumps	16 years	Daikin (installer)	Rijvisschersstraat 118, Zwijnaarde
Hans Boor	General Manager		Klimatena (installer)	Neerstraat 175, 9112 Sinaai
L. Van Den Abeele	Sales manager	7 years	Stiebel Eltron (installer)	Havenlaan 104, 1000 Brussel
J. Schietecat	Head of lab	30 years	WTCB	Lozenberg 7, 1932 Sint Stevens Woluwe
Geert Matthijs	Coordinator	1 year	De Nayer Institute	De Nayer laan, Sint Katelijne Waver
Frank Van Droogenbroeck			VEA	Koning Albert II laan 20, 1000 Brussel
Johan Van Bael			VITO	Boeretang 200, 2400 Mol

II. Level of knowledge of installers on the measure

1. Wood boiler discussion

The ceiling is known but still some questions are raised what the real ceiling is because it changes every year.

It was clear that 40% of the investment is eligible. Not clear if this amount can be deducted from the income or from the tax to be paid.

Woodboiler discussion: ‘..but I want to know exactly if the 3180 € is the amount of tax that we don’t pay or if this amount is deducted from the income, because on that moment, you only receive X% of the 3180 €.’

‘ I explain to the clients that the ceiling is the amount that can be deducted from their net taxable income ...’

Another thing that was unclear is what the you need to claim your tax reduction. Do you need the invoice or do you need the receipt of your payment ?

Woodboiler discussion: ‘ ... how does it work with the invoices, is the invoice counting or is it the receipt of payment and on which moment ... ?’

Also questions were raised about what happens if the calculations of the clients result in a negative amount of tax to be paid.

Woodboiler discussion: ‘What the client doesn’t know is what happens if the calculations comes to a negative amount ? Will there be a pay-back or added ?’

Another difficulty that was hard to understand was how it worked with prepayments of your taxes, can you then get money back form the state or not.

Questions were also raised about if it was allowed to split the bill over more than one year.

Questions about the accumulation of the different energy saving and renewable measures, does the ceiling stay the same or can you add it for each measure.

It was clearly perceived that for woodboilers only replacement of an old boiler by a new woodboiler is eligible for the fiscal measure. So people constructing a new house and choosing for a pelletboiler don’t profit form the fiscal measure.

Questions were raised about the changing of the law in 2004 when heatpumps were also lifted from only replacement of an old boiler by a heat pump to a separate renewable measure so that also new building could claim the fiscal measure, why was this not done for a biomass boiler ?

2. Solar boiler discussion

The people of this discussion group knew the measure very well. The principles were explained very clearly during the discussion.

‘ a private person needs to pay taxes, 40% of their investment is eligible and for solar boilers the maximum is in 2007 3440 €.’

‘ the fiscal measure for solar boilers is part of a complete fiscal measure of other energy saving measures that can also be counted in for the same ceiling... ’

‘ what also is often forgotten is the fact that next to the fact of the reduction of the federal tax, you also have a reduction of the municipal tax in your tax calculations.’

‘ a solar boiler has to be oriented from east to west passing by south and has to be inclined between 0° and 70°.’

The questions that were raised on the fiscal measure were going into the details of the application.

For example it was clear that a registered constructor needed to carry out the works. Questions were raised if the constructor needed to be registered for the specific installation of a solar boiler or could it be a registered constructor for any kind of construction ?

Another example was the question is it possible for a private person to have a reduction of the tax for each building he owns ?

‘ a private person can have the tax reduction for each of his 12 dwellings he has in one year.’

3. Heat pump discussion

Also in the heat pump discussion group the fiscal measure was well known.

‘ 40% of the investment is eligible, the efficiency has to be higher than 3, it has to be installed by a registered constructor, the maximum ceiling is 2650 € ... also tenants can apply...’

4. Conclusions

The level of knowledge was similar for the heat pump and solar boiler sector. They both had a very good idea about all the important issues, the questions they had were already very detailed questions.

This was not the case for the wood boiler sector, here still some essential things were new for them.

The difference between the sectors can be related to the stadium of the sector where they are. The woodboiler sector is still in a very first stadium of their market development this in comparison with already a mature solar boiler sector.

III. General perception of the measure

1. Wood boiler discussion

During the discussion with the wood boiler sector the felt discriminated against the other renewable energy sectors.

‘ if a heat pump is ecological, pelletboilers are it too... the bio-energy market is very seriously disadvantaged ...’

2. Solar boiler discussion

The fiscal measure was perceived as a very good measure, even **better as subsidies** and premiums especially for private persons.

‘ for private persons I find it better than the subsidies...’

The main reason why installers prefer the fiscal measure is that it gives more security in terms that people are sure that they will get the fiscal advantage because it is decided for that year and it can't be taken back. This in comparison to subsidies where authorities are bound to a budget and if the budget is taken by the first X people than they stop the subsidy.

‘Some municipalities have budget for the first 21 solarboilers and than the budget is gone and no room for the next persons that invested in a solar boiler, bad luck ...’

Another reason why the installers favour the fiscal measure is because the **lead time** between idea and decision to purchase is much **shorter** with a fiscal measure.

‘You don't have a brake on the orders. With subsidies you have also a lot of orders but you first have to fill in the whole paper work, then you have to wait till the clients have their permission ...’

The installers could imagine that for the clients a negative point was the fact that they had to **wait for 2 years** before they have their tax money back. On the other hand it was mentioned that subsidies often also took long to be paid (1 to 1,5 years).

Following point was raised to counter the long time for getting the tax money back: a Belgian private person is already very pleased if he can get taxes back. During the discussion it was formulated as followed:

‘A client has 3 times fun of his fiscal advantage, first the idea that he will get taxes back, than the filling in of his tax letter and than 2 years later when he gets his money back...’

3. Heat pump discussion

In general they were pleased with the measure but the issue that they were asking for is to give more incentive for renewable energy systems than for classic fossil energy saving systems. They are asking for a higher ceiling for all renewable energy systems like it is now implemented for a solar boiler.

4. Conclusions

In general the measure was perceived as a good way of promoting the renewable energy sector for private persons.

Still there is some difference in perception between the different RE-systems. The solar boiler sector was most pleased with the measure.

The wood boiler sector was less pleased, this because a wood boiler is not a complete separate measure in the regulation.

The heat pump sector was asking for a more level playing field for all renewable energy systems.

IV. Perception of the impacts of the measure

1. Wood boiler discussion

A real impact of the fiscal measure was not felt . The market was already growing.

‘ yes, but there is a growing market, so you can’t put an amount on it. This is a growing market, so it would have increased also without the fiscal measure, perhaps it increases a bit faster now.’

The most important other reasons why the market is growing, is the fact that in Belgium we arrived at a period where a lot of boilers need to be replaced and this creates opportunities in combination with the raising fossil fuel prices.

‘ we arrived at a period where the material of 50-30 years old has to be replaced ...it is an opportunity ...’

The largest impact was felt in the Walloon region where important premiums were given for woodboilers and where the market boomed very fastly, this in contrast to a more steadily growth in Flanders.

Related to the different context of the Flemish and Walloon region, another kind of public is buying the woodboilers.

In the Flemish region more the type of ‘the ecologists’ are buying the a woodboiler.

‘... those people are convinced from the beginning, you don’t convince them with premiums and the fiscal reduction...’

In the Walloon region you have also people who are searching for a system with the highest premiums and fiscal advantage and base their decision on that calculations. Those people care less about quality and are just in search of the lowest price possible for a wood boiler, paving the way for cheap but not always quality material.

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'one type of clients are the one searching for the cheapest possible solution and the maximum of subsidies and fiscal advantage ...'

The result that was seen on the Walloon market was that a lot of less quality material was sold and this was not a good thing for the image of woodboilers.

The price of woodboilers stayed approximately the same since 2004 even with the higher prices of raw material, the choice of boilers became wider.

'since 2004 the price is stable even with the increase of raw materials ...'

The fiscal measure was nevertheless felt as a reassuring role.

'Support of the government for a certain technology give confident to the client. For a lot of people this is the first step to think about it...'

2. Solar boiler discussion

During the discussion the installers found it difficult to measure the impact of the fiscal advantage next to the impact of the subsidies.

They were convinced that it **helped the market** but how much is due to the fact of the fiscal advantage and how much do to subsidies can not be known. For the solar boiler sector they saw the last 2 year a more steep growth in the Walloon region than in Flanders (2 times as fast) and this because of the new subsidy regime of the Walloon Region 'Soltherm'.

'Wallonia is at the moment the biggest market because they have next to the fiscal measure also a regional premium, following the latest data 2 times as much solar boilers were installed in Wallonia in comparison to Flanders.'

What also is seen in the market that the market is increasing together with the improvement (raising of the ceiling) of the fiscal measure. The interest of the people is also growing together with the measure.

'It evolves with the growth of the market. We feel that the fiscal measure is improving and improving ...'

'...; the interest for solar boiler is growing with the ceiling ...'

Another impact of the fiscal measure and the increase of the ceiling each year is the fact that in the beginning most people looked at a solar boiler for their hot tap water, now more and more people invest in **combination systems** with their complete heating system.

'People are counting towards the maximum ceiling, if they see that 40% of a simple solar boiler system is not reaching the ceiling of 3440 €, they are willing to consider a more expensive and complex option like a combination of the central heating system with a solar boiler.'

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Because of the enormous increase in subsidies in Wallonia the installers have seen also an **increase in price in the beginning** of the solar boilers because there were too less installers, the tax reduction and the premium were high enough to ask something extra. So it was possible to make more profit on the price of solar boiler in the begin period of the measure. This was only perceived at the beginning and has gone away now because of more players on the field of solar boilers installers.

'... in the beginning you had an increase in total price ... but the more installers started to offer solar boilers, the more competition there is ...'

In the market of the solar boiler they also saw a **new type of clients** coming up. The green people already installed there boiler before the fiscal measure was introduced, but now a new kind of clients entered the market. The more financial driven people, who are seeing this as an investment are looking and buying solar boiler systems (the cautious people of the interviews). Especially the solar boiler is very suitable for such an investment because the fiscal advantage in comparison to the investment is quite high and certainly if you also count all the kind of subsidies in.

'... the financial people they are doing it to save some money ... if it is today in a solar boiler and tomorrow in something else, they will invest in something to profit from the fiscal advantage ...and the good thing is that it is also environmental friendly ...'

'... the last years we have more and more of such clients ...'

'... the extra cost of a solar boiler in comparison to a basi investement is with the subsidies and fiscal measure rather small ...'

3. Heat pump discussion

The last years the installers certainly have seen an increase in the installed amount of heat pumps but if this is **linked** to the fiscal measure can **not be claimed**. The main reason of the increase they see is the increasing fossil fuel prices.

'There was certainly a growth, but if this is linked to the fiscal measure in the same way as it is for solar boiler , I don't think so.'

'The growth is more related to the increasing oil prices ...'

Nevertheless is the fiscal measure for heat pump a **nice extra**, and helps it to make a heat pump more attractive as alternative system.

'we never use the fiscal measure in our selling speech, because the fiscal measure is the cherry on the pie, but it is not the pie. For a solar boiler the fiscal measure is the pie.'

As was also seen for solar boilers is the fact that also a subsidy is given for the heat pumps in the Walloon region, the market is growing faster there than in the Flemish region.

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'... big difference between the evolution of selling's of heatpumps in Wallonia in comparison with Flanders.'

Clients who buy a heatpump are convinced of the heat pump for the environment and also financial in the long term. Clients also with the practical problem of having no gas grid connection and there only options are fuel oil or electricity (as explained in the Interview report). Those arguments are mostly used by the installers: low energy cost, low maintenance cost, less dependence on the fossil fuel prices, long life time, free cooling.

' the fact that people are less dependent on fossil fuels ...people who are really concerned about the environment and already build a low energy house can easily incorporate a heat pump ... '

' ... people without a gas grid connection and don't want to go to fuel oil ...'

Because of the low impact of the fiscal measure, also no influence on the prices of the heat pumps were felt.

4. Conclusions

The impact of the measure was different for the different RE-technologies.

The most important impact was seen in the solar boiler sector, their they felt that for a lot of clients the fiscal advantage was the starting point of their purchase. This was also analysed during the interviews, were 'cautious people' were seen mostly in the solar boiler interviews. This has two mean reasons: a solar boiler can easily be added to a traditional installation and the price of a solar boiler in comparison to the highest ceiling is very favourable.

For the heat pump sector the impact was rather marginal, more of a reassuring role or an extra but not the real incentive to go for it. A reason for that is that the price of a heat pump is still quiet high in comparison to the fiscal advantage.

For the wood boiler sector the impact is unsure because part of the installations is excluded from the measure (new buildings) and the sector is still in a beginning phase.

V. Success / failure factors

1. Wood boiler discussion

A lot of comments were noted during the discussion with the wood boiler sector.

A very important comment was the fact that only replacement of old boilers were eligible for the fiscal measure. They felt unfairly treated in comparison with the other renewable systems like the heat pump or solar boiler.

'New building should also be included ...'

Another item where the installers discussed very lively about was the lack of information on all levels about the woodboiler as RE-technology in general and the fiscal measure more in detail:

- lack of information about the measure and the technology with the consumers

'we serve as assistants of the government to explain the measure...'

- lack of information at the level of the tax employees

'also people of the tax offices need to be informed, last week I had a discussion with a tax controller ... I needed to proof it with a whole bunch of papers ...'

- lack of information of the sector

The problem of people who don't pay taxes and can make use of this was also addressed during the discussion.

2. Solar boiler discussion

The success factors of the fiscal measure is the fact:

- that it is a very simple measure, easy to implement
- that the purchase process is short
- that the measure is certain for a certain year, there is security about the level of support

The failure that was made in the beginning of the implementation of the fiscal measure was the **lacking of information**.

'the information about the fiscal measure started very slowly, but now it is sufficient.'

'... in the beginning it was very difficult to find contact persons from authorities. You call to person X and he is saying completely the opposite of person Y also from the authorities ...'

'... in 2003 there was no website, nothing was structured ...'

The lack of information for the installers but also for the consumers was very relevant. Consumers pointed there question to the installers.

'for us as installers it was really a problem, we sell systems but at that time they expected from us that we knew also the whole fiscal law by heart, luckily you now have the website with all the answers.'

' ... most clients know the fiscal measure from their installer, importer faster than from their government ...'

A point of criticism on the measure was the **competition** with other energy saving measures taken at the same time, especially for people who are renovating a complete house at the same time. It is technically also not feasible to spread the renovating works out over a couple of years. Especially implementing a solar boiler can go together with the renovation of a roof.

' ... it is difficult to accept for some people who are renovating and the windows to double glazing and will isolate their roof but also implement a solar boiler and they are running in one year to their maximum ceiling and can't be changed for that year. It is not pleasant for those people ...'

'... if you are renovating your roof than you can think automatically of installing a solar boiler and saving some square meters of roofing tiles and letting the 2works being done at the same time, but than you are in competition between with another energy saving measure (roof isolation)...'

Another minor point of the measure is the fact that the ceiling changed every year, it creates a **certain instability**. Consumers are doubting, do we invest this year or next year, wenn will be the most optimal moment, is the ceiling going up or down next year. This feeling of instability of policies in general not only for the fiscal measure is a very strong feeling that often plays for clients.

" at the end of the year people are saying, are we gone invest this year or next year, deciding or waiting. These are dangers that you get ...'

'A client speaks as follows: governmental policies are never stable ...'

Again as in the interviews came forward is the fact that **people who don't pay taxes** can't profit from this fiscal measure for example a lot retired people.

'... people who are retired often don't pay taxes anymore and are frustrated because they are saying we have paid our whole life taxes and now that we can finally have an advantage we can't do this anymore ...'

'... in this way it is a advantage for the rich people ...'

An important point that was raised on the technical part of the fiscal measure, was the fact that there is no **quality label** required for the installation nor for the installer.

'... there are no minimal quality requirements for the installations...'

'... some building companies are incorporating solar boiler in their houses but if you go and have a look to the product that they are offering, than you say yes, they have a solar boiler but if he will work properly that is something else.'

' ... to be sure the installer knows what he is doing, you need him to give a certain responsibility that he has not to loose his certificate ...'

3. Heat pump discussion

The fiscal measure is **easy** to implement, the administration is very easy. Installers agree that this is much easier than the paper work asked for the different subsidies or grants of the different authorities.

'Administration is very easy. You wait for your envelop, you put a copy of your payment in it and after 2 years you know if you will get back your money or not.'

'For subsidies you first have to ask the right paper, fill it in, give your KVA and nobody knows what it is, it has to be calculated by the installer and then you have to send it back.'

Also here the problem of **competition** with the other measure is given as a negative point.

' if you are renovating your house and doing all measure, yeah then you have a problem ...'

Another point of criticism is the fact that some types of heating pumps are excluded from the fiscal measure and this creates confusion on the market. Heat pump installers stress that the different types of heat pumps are suitable in different situations and that a real increase of the market is only possible if a promotion of all pumps is done like in other neighbouring countries.

' so only this type is supported and all the rest is bad; this creates confusion on the market'

4. Conclusion

Most of the success and failure factors that are given come back in the 3 discussions:

- lack of information
- competition between the different measures
- socially unfair

A special failure factor for the wood boiler sector was the fact that new buildings were not included in the regulation.

For the heat pump a point of improvement is the fact that some types are excluded.

VI. Improvements

1. Wood boiler discussion

The most important improvements that are important for the wood boiler sectors are the following:

- Make a wood boiler a separate measure like they did for heat pumps and solar boilers.

- Give more information to consumers, public authorities, companies and installers about the fiscal measure.
- Another idea that was mentioned is to let the installer recuperate the tax advantage. This in comparison to what is done at the moment for environmentally friendly cars, where the sellers of cars can deduct the fiscal advantage from the selling price and the sellers can recuperate that tax with the authorities.

'Reduction immediately on the bill... that would convince a lot of people I think ... installers will find a way of organising themselves to find a financial reserve to cope with the time gap...'

- Concerning the technical requirement needed for the woodboilers, the installers ask more strict requirements. An efficiency of 65% is too low and let the market open for low quality installations. Also a better control on the material is asked for.

'we can get easily 85% of efficiency...'

- The problem of combination of different measure in one ceiling is also addressed. Solutions proposed for this to give the possibility to do the investment in one year but the tax reduction over several years. In that way people can invest in sustainable materials and you have less danger of selling low quality materials on the market.

' people are renovating there house now and are doing all the investments in one time, but they like to spread their tax advantage over several years ... people will invest in sustainable materials ...renewable energy is thinking in long terms so why not the fiscal measure on long term.'

2. Solar boiler discussion

Possible routes of improvement that came forward during the discussion were the following:

- to have separate ceilings for each energy saving and renewable energy measure
- the possibility to deduct the total of investments for energy saving and renewable energy measures made in the same year over time, especially for the people who are in a complete renovation process or building a new house.
- Improvement of information flow to customers. Installers have the feeling that they are still the persons that have to explain the fiscal measure to their clients.

'companies are now taking the task on them to inform people about the fiscal measure, so we are busy given basic education to them and we are not using the time for selling material to the client'

- Installers and distributors are asking for a clear and transparent vision towards the future. The market is growing and the companies are standing for the choice of investing in personnel, materials etc. before doing this they want a clear and transparent vision, policy of the future.

'There is the necessity to have a transparent vision for the future; this is very important because we have to know if we can invest in personnel, machinery, buildings ...'

3. Heat pump discussion

Again need to solve the problem of **competition** between different measures was addressed.

Heat pumps were in the past installed by 'rich people' following the installers. Now more and more middle class people are looking and are buying heatpumps. An installer mentioned the idea of **redistributing** the budget and making the ceiling dependent of the income of people.

'The big budgets invest anyway, they say OK 2650 e is nice, but we can pay for it. While people with small budgets can't choose for a heat pump because it is too expensive and if it would be possible to give them something extra what the others don't need. Let's say redistribute a bit ...'

Another route of improvement was the fact that the **ceiling** of the fiscal measure should be **coupled** to the height of the **investment**. The heat pump was firstly incorporated as a replacement of an old boiler, from 2004 it changed to a separate measure but the ceiling stayed the same. Because a heat pump is a renewable heating system the installers were of the opinion that it should have a higher ceiling in comparison tot a condensing gasboiler. All **RE-system** should have a **higher ceiling** than the classic systems.

'... create an extra incentive to go for a heat pump in comparison to a condensing boiler ...'

'You have two measure that are treated equally but in the heating branche following eco-design than a heat pump is A+, a condensing boiler is only A...'

The ideal measure would be a measure that is coupled to CO₂-savings of the measure.

'...couple each measure to the avoided CO₂-emission'

An important concern that was raised was the fact that if subsidies and fiscal reduction would stop that the raise in renewable energy systems would drop. To solve this problem, the idea was give to stress in the technical requirements of the fiscal measures that a surplus value for housing needed to be created so that the moment support stops the market picked it up. A suggestion was made to elevate the ceiling with the **surplus value** created of the system.

4. Conclusion

A lot of suggestions on improvements are made during the discussions. The more general for the 3 sectors are the following:

- separate ceilings for separate measures
- give the possibility to spread the investment over several years
- more and better information to all the involved parties
- the technical requirements for the different heating system could be more strict to allow only the quality devices to enter the market

Other suggestions for improvement made in the different discussion and applicable for all the RES-measures are:

- make the ceiling gliding in relation to the CO₂- or energy saving
- give the tax reduction immediately as a reduction on the bill
- make the ceiling in relation to the height of the investment
- give higher ceiling to RE-systems in comparison to classic energy saving systems to create an extra incentive for installing RES

VII. Specific Belgian issues addressed

1. Mix of subsidies and fiscal measure

It was difficult to estimate the impact of the fiscal measure next to the subsidies and premiums that exist. What was perceived for the 3 RE-systems is that were you have a combination of both that the increase of the sector was higher than without the subsidies, but nevertheless played the fiscal measure it role in the development of the RE-market.

2. Fiscal measure also for energy saving technologies

As discussed in the points for improvement and of disadvantages of the fiscal measure, for all the 3 RE-systems the problem is addressed that one ceiling for 8 measures is a problem for people who are renovating their house or building new ones. Suggestions from the different group discussions are the following:

- have a separate ceiling for each measure
- make it possible to spread your investment done in one year over several years. This is already implemented for passive houses where

the investment for building a passive house can be deducted during several years. The same system should be applicable for the investments in the 8 different energy saving and renewable energy measures.

VIII. Conclusions and recommendations

The conclusions that were made for the analysis of the interviews are confirmed by the analysis of the focusgroup discussion.

It can be seen that the impact of the fiscal measure was perceived differently following the different technologies.

During the discussion the difference in maturity of the different RE-systems came above, where the solar boiler sector is a mature sector, the wood boiler sector has still a way to go.

Interesting routes for improvements were mostly the same for the general remarks as in the interviews, some extra ideas were launched during the discussions in comparison to the interviews.

ANNEX: Translated Guidelines for Focus Groups (Dutch)

Please replace in all guidelines “the fiscal measure” by the name of the measure in your country

The guidelines deal with one RES sector only : adaptation might be necessary for each of the 3 sectors.

1. Introduction (15 mn)

- Moderator presentation
- Confidentiality / recording (all groups should be recorded but reassure them on the fact that it is only in order not to forget anything).
- Introduction of topic : « your experience of the fiscal measure set up in the country that supports RES-heat appliances in individual households ...». Aim is to draw a comparison of the different fiscal measures in Europe. For this we are talking to all stakeholders of the RES sectors¹ : manufacturers, consumers, policy makers and... installers.-> Nathalie Devriendt
- Introduction of focus group principle -> Caroline Bonroy: aim is to learn from the persons who are closest to the fieldwork all their analysis, opinion, functioning of the fiscal measure. All that you think is interesting for us, do not refrain yourself from expressing a thought, and do not refrain your colleagues either! Idea is to express yourself freely.
- Presentation of each participant -> iedereen ook overheden en promotieorganismen (activity of the company, responsibilities of the participant, how long has he been working in this sector, type of installations, number of RES heat installations per year, percentage of turnover in overall turnover of the company).

2. General knowledge of the measure (15 mn)

- All you know about the measure today : write everything on paperboard, this has to go quickly again
- Complete the general description of the measure by adding the elements that have not been cited. Explain when it was introduced for the first time. This should be done with a board prepared in advance, which summarises the contents of the measure.

General description:

- 20 december 2002 Koninklijk besluit goedgekeurd ‘tot wijziging van het KB/WIB 92 inzake de belastingvermindering voor energiebesparende uitgaven in een woning’ Geïmplementeerd sinds 01/01/2003.
- 7 types van energiebesparende maatregelen werden goedgekeurd:
 - Replacement of an old central heating system by a new condensing boiler, wood boiler or heat pump.
 - Energy audit
 - Solar thermal appliances

¹ In all questions the expression « the RES sector » should be replaced by « solar thermal» or « wood appliances » or « heat pumps »... as fit

- Photo Voltaic appliances
- Higher isolating windows
- Isolation of roofs
- Regulation of central heating system by programmable thermostats, thermostatic valves or exterior temperature sensors
- 15% investeringsbedrag aftrekbaar voor maatregel 1,3 and 4. 40% voor de andere met een plafond van 500 € voor nieuwe gebouwen en 600 € voor renovatie van gebouwen in 2003.
- Aanpassing op 23 Juni 2004 (Artikel 145 24 Wetboek van de inkomstenbelasting 1992).
 - Warmtepomp als aparte maatregel, niet enkel bij vervanging.
 - 40% van de investeringsaftrek voor elke maatregel
- Verdere evoluties: optrekking van het plafond
 - 2006: 1280 €
 - 2007: 2600 € (3380 € voor zonneboiler en PV)
- Toevoeging: Onderhoud ketel kan worden afgetrokken.

Voorwaarden om in aanmerking te komen:

- Eigenaar zijn of huurder (dit laatste pas vanaf 2005)
 - Installatie moet gedaan worden door geregistreerd aannemer
 - De geothermische warmtepomp moet een EC-label hebben en de pomp moet een minimum COP van 3 hebben.
-
- Heb je hieruit iets nieuws vernomen? indien ja, wat precies??
3. The perceived impacts of the measure at all levels of the sector concerned (40 mn)
- Welke impact heeft de fiscale maatregel de laatste jaren op de sector gehad, volgens jullie? first on a spontaneous level, probe on each idea that is brought about and ask the others if they agree or if they have another perception.
 - Algemeen: Wat zijn/waren de gevolgen van de fiscale maatregel
 - Op de markt
 - Op de prijs
 - Op de aanbiedingen van het product
 - on the overall set of installed appliances in the country
 - De cliënten die u het voorbije jaar gecontacteerd hebben:
 - waren ze op de hoogte van de fiscale maatregel?
 - Indien ja : In welke mate waren ze hiervan op de hoogte? Langs welke kanalen zijn ze op de hoogte gebracht?
 - indien neen, hoe komt dit volgens u?
 - Welke rol speelt de maatregel in de investeringsprojecten van de klanten die u gecontacteerd hebben? What Spontaneous level, then :
 - Kan U uw klanten indelen in verschillende types ? Welk percentage kan U aan elk type toewijzen ?

- Gebruiken jullie de fiscale maatregel als een argument in jullie verkoopsargumentatie?
Hoe doen jullie dit?
Welke berekeningen maken jullie?
Geven jullie de klanten informatie over hoe ze de belastingen moeten invullen?
Wat vertellen jullie de mensen zoal?
- Als jullie de fiscale maatregel niet gebruiken om potentiële klanten te overtuigen, welke argumenten gebruiken jullie dan?

Kunnen we in de geschiedenis van de fiscale maatregel, volgens jullie, verschillende periodes onderscheiden?

Be sure that the subjects are treated in depth and that all installers have expressed themselves on each subject. The aim of the focus group is to gather common and consensual perceptions. So each person has to position himself so as to know what is common ground.

4. Success factors / blocking or failure factors (30 mn)
5. Routes for improvement (20 mn)-> Discussie openen voor iedereen niet enkel installateurs

Sum up what were the impacts according to the participants

- Algemeen, wat vinden jullie van de fiscale maatregel?
 - Hoe komt het volgens jullie dat de fiscale maatregel deze gevolgen heeft?
Wat zijn de succesfactoren van deze maatregel?
Wat zijn de minpunten van deze maatregel?
Welke aspecten van deze maatregel werken?
Welke aspecten van de maatregel werken niet?
- make the participants explain in depth each idea. What is working well? What is not?
- Hoe beoordelen jullie de praktische implementatie van de maatregel?
Was dit ingewikkeld voor jullie?
Hoe komt dit? Probe.
Noem de pluspunten (on a spontaneous level) Detail all aspects that are mentioned.
Noem de minpunten(on a spontaneous level) Detail all aspects that are mentioned.

- Welke commentaren/kritieken geven mogelijke cliënten over de fiscale maatregel?
- Probe on the following thematics if not brought about, saying that In andere landen is het success of het fallen van de maatregel gelinkt aan:
 - Stijging van de brandstofprijzen
 - Communicatie/ gebrek aan communicatie omtrent de maatregel
 - De competitie met andere investeringsaftrek
 - De administratieve complexiteit
 - Fiscale aftrek is slechts voelbaar na 2 jaar, niet onmiddellijk zoals subsidies
 - Subsidies zijn sneller en gemakkelijker te krijgen
 - ... to be completed according to national context
- Welke zijn volgens jullie de problematische aspecten van de maatregel?
- Welke verbeteringen kunnen we doorvoeren? What improvements could we make on this fiscal support mechanism ? Detail and probe « Zijn er nog mogelijke verbeteringen? ? » as many times as necessary to make all ideas appear.
Wat kunnen we verbeteren aan de maatregel zelf?
Wat kunnen we verbeteren aan de nevenaspecten /randvoorwaarden van de maatregel? (uitgezonderd andere parallel maatregelen)
- Hoe moet de ideale maatregel er uit zien?
Hoe moet deze ideale maatregel geïmplementeerd worden?
Heeft u advies voor:
 - ✓ Ministerie van Financiën; Wat houdt dit advies in?
 - ✓ Energie-agentschappen? Wat houdt dit advies in?
 - ✓ Professionelen rond hernieuwbare energie ? (onder andere de installateurs) Wat houdt dit advies juist in?
 - ✓ De consumententen die in hernieuwbare energie geïnteresseerd zijn? Wat houdt dit advies juist in?
- Hebben jullie nog aanbevelingen om de implementatie van de maatregel te optimaliseren?
Hebben jullie nog aanbevelingen om de efficiëntie van de maatregel te verbeteren?

Thanks and end
Signature of list for participation and for gift