

Support for businesses through deferring VAT payments.

The Government have announced that they will support businesses by deferring Valued Added Tax (VAT) payments for 3 months.

VAT

The deferral will apply to all payments in the period from 20 March until 30 June 2020.

Eligibility

All UK taxpayers are eligible.

How to access the scheme

This is an automatic offer with no applications required. Businesses will not need to make a VAT payment during this period. Taxpayers will be given until the end 20/21 tax year to pay any liabilities that have accumulated during the deferral period. VAT refunds and reclaims will be paid by the government as normal.

What does this mean?

Taxpayers do not have to pay their VAT between 20 March and 30 June 2020. This VAT will be repayable by the end of the 20/21 tax year, so 5 April 2021.

Which VAT?

This will cover:

1. The routine filing cycle for quarterly VAT returns ending on 29 February, 31 March and 30 April, with filing deadlines of 7 April, 7 May and 7 June.
2. The early filing of the 29 February return before 20 March, if the VAT has yet to be paid to HMRC.
3. Any returns still to be filed for previous VAT periods, if they are filed by 30 June.
4. The early filing of the VAT return for the period ending 31 May.
5. The very prompt filing of the VAT return for the period ending 30 June!
6. Payments on account for larger businesses.
7. Payments on account for clients using the Annual Accounting scheme.
8. The payment of an assessment issued by HMRC also appears to be covered, but may need further discussion with the VAT inspector involved.

How to repay the deferred VAT

We assume that the taxpayer will receive a statement of account and pay the balance owed by 5 April 2021. We will be in touch if more guidance is released by HMRC.

What about monthly repayment returns?

These should be filed in the normal way and are unaffected by this measure.

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