

DEFERRAL OF VAT AND SELF-ASSESSMENT PAYMENTS

VAT

The Chancellor announced on Friday 20th March that any VAT payments due between 20.03.2020 and 30.06.2020 will be deferred.

This is for VAT due in this period (quarter ending 29.02.2020, quarter ending 31.03.2020 and quarter ending 30.04.2020), so VAT for the quarter ending 31.05.2020 (due 07.07.2020) would NOT fall under this deferment. However, HMRC may expand the deferment dates later. We will let you know if they do.

All businesses are eligible for this. It is an automatic offer and no application required.

This means any VAT due during this period will not need to be paid until 31.03.2021. VAT refunds will be made by the government as normal.

If you normally make your payments via direct debit, you will need to cancel your direct debit with your bank if you are unable to pay, HMRC will not be freezing direct debits. You will also need to do this in sufficient time so that HMRC do not attempt to automatically collect the VAT when the VAT return is submitted.

If you have historical VAT debt which you are struggling to pay, HMRC are also being more generous with their 'time to pay offer.' You will however need to call HMRC to discuss this. We would suggest trying to call on 0800 0159 559 when they first open at 8am as this line can become very busy.

Your VAT returns will still need to be submitted on time even though the payment is being deferred.

The full information, as it stands, can be found at the following link:

<https://www.gov.uk/guidance/deferral-of-vat-payments-due-to-coronavirus-covid-19>

SELF-ASSESSMENT

The same automatic eligibility is being applied for self-assessment payment on account due on 31.07.2020. This applies to all individuals with a second self-assessment payment on account. You do not need to be self-employed to be eligible for the deferment. If your 31.01.2020 payment is late and you can't afford to pay, you will need to call the same time to pay number above (0800 0159 559).

However, the 31.07.2020 payment is automatically deferred and no application is required. The second payment on account which is normally due 31.07.2020 will now be due before 31.01.2021 instead.

This deferment is optional, if you would rather pay before 31.07.2020, then please go ahead and do so.

Information accurate as at 1st April 2020