

VAT Payment Deferral

The chancellor announced a VAT payments deferral on 20th March to support businesses with cashflow during the COVID-19 pandemic.

Who is eligible?

All businesses with a UK VAT registration have the option to defer VAT payments due between 20th March and 30th June and businesses have until 31st March 2021 to pay any VAT deferred as a result of this announcement.

All UK business are eligible, but the deferral does not apply to VAT MOSS (Mini One Stop Shop) payments. HMRC has confirmed that this does include non-established businesses registered for VAT in the UK.

What this means for the business

This will be the deferral of one quarter's VAT, the payment due on 7th April, 7th May or 7th June 2020 or the monthly payments due on each of these dates. HMRC has confirmed that the deferral also applies to payments on account. These are normally due on the last day of the second and third months in any VAT quarter for affected businesses. Consequently, payments on account that are due to be paid on 31st March, 30th April, 31st May and 30th June can be deferred.

How do you access it?

Businesses do not need to inform HMRC if they wish to defer payment. They can opt in to the deferral simply by not making VAT payments due in this period.

Businesses who normally pay by direct debit should cancel their direct debit with their bank if they are unable to pay. This can be done online if they are registered for online banking. This needs to be done before the direct debit is due to be collected. Businesses will also need to remember to reinstate their direct debit mandate once the deferral is over.

Businesses can continue to make payments as normal during the deferral period if they want to do so.

HMRC will also continue to pay repayment claims as normal. Businesses must continue to submit their VAT returns as normal. No penalties or interest for late payment will be charged in the deferral period.

After the VAT deferral ends

VAT payments due following the end of the deferral period will have to be paid as normal. Further information about how to repay the VAT a business has deferred will be available soon.

Temporary financial distress because of COVID-19

If the business is experiencing financial difficulties, more help is available from HMRC's [Time to Pay](#) scheme.

More information about the deferral of VAT is available [here](#).



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