



Delaying VAT payments

A close-up photograph of a hand holding a smartphone. The phone's screen is the central focus, displaying the letters 'VAT' in a large, white, bold, sans-serif font. The background of the phone's screen is dark and blurry. The hand is positioned at the bottom of the frame, with fingers gripping the phone. The overall image is framed by a dark blue triangle in the top right and a light blue triangle in the bottom left, with a white background in the center.

Delaying VAT payments

Many businesses have experienced a rapid and unexpected decrease in their revenue streams as a result of the coronavirus outbreak. As a result, they may be suffering severe cash flow problems that will impact their ability to pay any VAT due. In light of these significant ongoing concerns, the Chancellor announced a delay in the requirement to remit VAT payments that applies from 20 March 2020 until 30 June 2020. Businesses are therefore not required to make a VAT payment during this period. Businesses will be given until 31 March 2021 to pay any liabilities that have accumulated during the deferral period.

Businesses can still opt to pay the VAT due if they are not suffering from financial difficulties during this period or do not wish to run up a VAT bill that needs to be paid at a later date.

VAT refunds and reclaims will be paid by the Government as normal. HMRC will however offset any repayments due against any existing debts that existed before these arrangements were implemented (ie not against any VAT deferred under these provisions).

HMRC has confirmed that all UK VAT registered businesses (which includes both UK resident and non-resident businesses) are entitled to delay payment of any VAT due automatically with no requirement to formally apply for the extension.

HMRC has confirmed that businesses who pay via direct debit need to cancel that direct debit if they cannot afford to pay the VAT due. HMRC has requested that businesses cancel the direct debit as soon as possible so HMRC does not attempt to take the payment when it becomes due. Businesses must, however, ensure that direct debits are set up once the deferral period has ended to make sure no VAT payments are missed.

This measure includes all of the following VAT payments to HMRC due between 20 March 2020 and 30 June 2020, which can be deferred until 31 March 2021:

- payment for quarterly returns ending 29 February due 7 April
- payment for quarterly returns ending 29 March due 7 May
- payment for quarterly returns ending 29 April due 7 June
- payment for monthly returns due in this period
- payments on account due in this period.
- annual accounting advance payments.

It is important to note that the deferral relates to VAT that is payable during this period and not to VAT return periods. Businesses will be required to remit all VAT that has been deferred on 31 March 2021 regardless of their VAT return periods.

The CIOT has produced helpful guidance on what payments are not currently covered by the deferral period (this could be subject to change depending on how long 'lockdown' lasts for). HMRC's latest guidance states that the deferral arrangements do not include Mini One Stop Shop (MOSS) payments or import VAT. HMRC has also confirmed that this does not cover VAT due in relation to disclosures or assessments.

HMRC has also clarified that businesses with time to pay (TTP) arrangements in place before the 20 March 2020 cannot defer those payments as well. Businesses that are struggling to make these payments should contact HMRC using the dedicated helpline on 0800 024 1222.

For TTP arrangements made for payments due between 20 March 2020 and 30 June 2020 only, businesses benefit from the ability to defer payment until 31 March 2021. Businesses do not need to notify HMRC. Any Direct Debits set up for these arrangements must be cancelled.

Interest and penalties will not be charged on any amounts that have been deferred under these arrangements.

It is important to remember that VAT returns must be submitted on time even if the payment is deferred.

All VAT payments due after the deferral period has ended must be paid as normal, and HMRC has said that it will provide further information on how to pay the VAT that has been deferred in due course.

HMRC is also delivering an enhanced TTP offer to fit the specific impacts of coronavirus. TTP is available to all businesses that are in temporary financial distress as a result of the coronavirus outbreak and are unable to pay their tax on time or have existing liabilities. HMRC has set up a dedicated helpline to enable those eligible to get practical help and advice, which can be reached by calling 0800 024 1222.



0330 2233 660
SEMPAR.CO.UK
info@sempar.co.uk

Lymedale Business Centre
Hooters Hall Road, Lymedale Business Park
Newcastle-under-Lyme, Staffordshire ST5 9QF

Follow us:

-  [instagram.com/semparaccountancy/](https://www.instagram.com/semparaccountancy/)
-  twitter.com/sempartax
-  [facebook.com/SemparAccountancy](https://www.facebook.com/SemparAccountancy)
-  [linkedin.com/company/semparaccountancy/](https://www.linkedin.com/company/semparaccountancy/)