**Deferral of VAT payments due to coronavirus (COVID-19) – March 2020**

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

This means that all businesses with a UK VAT registration have the option to defer VAT payments due between 20 March and 30 June 2020. This includes non-established taxable persons. Businesses have until 31 March 2021 to pay any VAT deferred as a result of this announcement. HMRC will not charge any penalties or interest on payments deferred by this announcement.

Businesses do not need to inform HMRC if they wish to defer payments. They can opt in to the deferral simply by not making VAT payments due in this period. Businesses that pay by Direct Debit should cancel their Direct Debit with their bank. This can normally be done online and should be done in sufficient time so that HMRC does not attempt to automatically collect on receipt of their VAT return.

Should they wish, businesses can continue to make payments as normal during the deferral period and can continue to make ad hoc payments after the deferral period to repay any deferred VAT up to 31 March 20201. HMRC will also continue to pay repayment claims as normal.

Businesses must continue to submit VAT returns as normal.

**QUESTIONS AND ANSWERS**

Q: What payments are covered by this announcement?

A: All payments of VAT to HMRC due between 20 March 2020 and 30 June 2020 can be deferred until 31 March 2021. This includes:

* 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.

**Q: Can I defer payment of Import VAT/Customs Duties as part of this announcement?**

A: No, you must pay import VAT and customs duties in line with existing rules.

If you are struggling to pay your tax bill on time, HMRC is also delivering an enhanced Time to Pay offer to fit the specific impacts of COVID-19. Time to Pay is available to all businesses and individuals who are in temporary financial distress as a result of COVID-19 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.

**Q: Does the deferral apply to other taxes/duties such as Machine Games Duty, Insurance Premium Tax, withholding tax etc.**

A: No, unless covered by another Government announcement, you must pay all other taxes/duties in line with existing rules.

If you are struggling to pay your tax bill on time, HMRC is also delivering an enhanced Time to Pay offer to fit the specific impacts of COVID-19. Time to Pay is available to all businesses and individuals who are in temporary financial distress as a result of COVID-19 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**.**

**Q:** **Does deferral apply to VAT due to be paid in relation to disclosures and assessments due to HMRC?**

A: No, only VAT payments due alongside normal VAT returns between 20 March and end of June will be deferred. For any other debts HMRC’s Time to Pay system has been enhanced. Additionally, HMRC has a dedicated helpline for those who cannot pay because of COVID-19: 0800 024 1222.

Q: Can I still make a VAT payment at my usual time?

A: Yes. The deferral is optional.

Q: My business needs more help than this, what other help is available?

A: HMRC’s Time to Pay system has been enhanced. Additionally, HMRC has a dedicated helpline for those who cannot pay because of COVID-19: 0800 024 1222.

Q: Will there be any changes to the VAT MOSS or EU refunds systems?

A: No, this announcement does not cover any payments or policies relating to the VAT MOSS or EU refunds system.

Q: What happens after the VAT deferral ends?

A: VAT payments due following the end of the deferral period will have to be paid as normal.

Businesses will be given until the end of the 2020-21 financial year to pay any VAT they deferred as a result of this announcement. Payments must be made on or before 31 March 2021.

Q: You’re deferring tax, not cancelling it altogether. We need a tax holiday. Isn’t this just another loan?

A: This will help alleviate the immediate, temporary pressures businesses are facing. We are confident the economy and businesses will bounce back from this in time. To help them do that, we will give them the time needed to pay back deferred tax. Businesses will have until the end of the financial year to make these repayments.

The government has also announced a comprehensive wage subsidy scheme. Tax deferral will help businesses with cashflow in the meantime.

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**Q: How will repayments work in practice, and will you offset repayments against VAT due? Can you make repayments faster?**

A: Repayments will be paid as normal. This means that HMRC will offset repayments against any existing debt before this announcement but not against any VAT deferred through this announcement. Most repayments are paid within five working days.

**Q: I am now in or going to be in a repayment position, can I move to monthly returns to improve future cash-flow?**

A: Businesses, or their agents, can apply online to request to change to monthly VAT returns. Visit GOV.uk and search for “change VAT details.”

Q: I have made Time To Pay (TTP) arrangements with HMRC before the 20 March, can I defer payment until 31 March 2021?

A: For TTP arrangements made for payments due before 20 March 2020, you will need to continue to make these payments. If you are struggling to meet these obligations, then you can contact the dedicated helpline on 0800 024 1222.

For TTP arrangements made for payments due between 20 March 2020 and 30 June 2020 only, you can benefit from the ability to defer payment until 31 March 2021. You do not need to notify HMRC. You will need to cancel any Direct Debits set up for these arrangements.