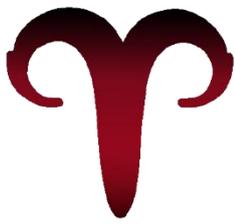


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# Covid-19 VAT Payment Deferrals

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## COVID-19 VAT Payment Deferrals

This article was written by Croner Taxwise and permission has been provided to share.

Following Chancellor, Rishi Sunak's announcement on 20th March 2020 that VAT payments are set to be deferred to help businesses through the COVID19 pandemic, we take a look at the most commonly asked questions our Advice Line has received so far.

Q) Do my clients need to apply to HMRC to defer their payments?

A) No, according to gov.uk this will be happening automatically.

Q) My client's quarter-end is February 2020; are they still required to submit their return?

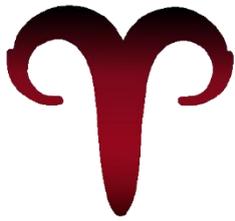
A) Yes, your client still needs to submit their return by the due date as normal. However, as the payment date for this return is 7th April 2020, this date falls within the deferment period of 20th March to 30 June 2020. Deferment also applies to VAT periods ending March and April 2020. As it currently stands, this arrangement allows until the end of the 2020/2021 tax year, 5th April 2021, for payment of liabilities that accumulated during the deferral period.

Q) I have several farming clients and they receive regular VAT repayments from HMRC; how will this impact them? Will HMRC delay their repayments?

A) VAT refunds and claims will not be impacted; HMRC will pay these out as normal.

Q) For my clients who pay by direct debit, will their payments automatically cease?

A) HMRC advises businesses who pay by Direct Debit to cancel their direct debit with their bank if they are not able to pay and to allow sufficient time for the bank's cancellation process to take effect. HMRC's system will not automatically suspend the collection of payments as it will not be able to identify who intends to make their normal payment and who wishes to take advantage of the deferral.



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HMRC have produced updated guidance on the deferral of VAT payment since the VAT Question of the Week was published. **The deadline for paying the deferred payments is now confirmed as 31<sup>st</sup> March 2021.**

The guidance can be found at [https://www.gov.uk/guidance/deferral-of-vat-payments-due-to-coronavirus-covid-19?utm\\_source=41029de3-0a6d-43b8-91f2-81d142ea56a2&utm\\_medium=email&utm\\_campaign=govuk-notifications&utm\\_content=immediate](https://www.gov.uk/guidance/deferral-of-vat-payments-due-to-coronavirus-covid-19?utm_source=41029de3-0a6d-43b8-91f2-81d142ea56a2&utm_medium=email&utm_campaign=govuk-notifications&utm_content=immediate)

**HMRC also has a dedicated helpline with an option for VAT. The number is 0800 0159 559.** While the deferral measures brought in should reduce the need to call HMRC to discuss a time to pay, you can also use the number if you have difficulty submitting the return on time due to coronavirus related issues.

### Payments made by Direct Debit

If you normally pay by Direct Debit you should contact your bank to cancel your Direct Debit as soon as you can, or you can cancel online if you're registered for online banking.

This seems an opportune moment to remind readers that HMRC does not send texts or make calls asking for bank or credit card details. If this happens then it is likely to be a scam. Please be wary.

We will update this guidance as and when HMRC issue further guidance of their own.

27 March 2020