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COVID-19: VAT payment deferral scheme

What is being offered?

The deferral for [VAT](#) payments applies from 20 March 2020 until 30 June 2020. All VAT registered traders are eligible. This will generally mean the deferral of one quarter's VAT: the payment due on 7 April, 7 May or 7 June 2020 or the monthly payments due on each of these dates. This is an automatic offer and no application is required. Businesses will not need to make a VAT payment during this period.

What do I have to do?

According to the information provided the deferral is automatic and no action is required by the VAT trader. As most traders now pay automatically by Direct Debit following the submission of their VAT return, HMRC have been asked if this means that they will simply not collect the Direct Debit. So far there has been not confirmation of this although it is expected this would be the case. However if you want to make sure of this we would suggest you cancel your direct debit to HMRC VAT with your bank – if you do this then you must remember to set it up again to allow payments after the deferral period to be collected to avoid any penalties.

When will I have to pay the VAT?

As this measure is only a deferral of the payment, it will need to be paid at some point in the future. The information provided says that traders will have until the end of the 2020/21 tax year to make the deferred payment. Therefore we assume this means by 31st March/5th April 2021.

Will I be charged interest or penalties on the deferred amount?

No – there will be no interest or penalties or surcharge notification issued by HMRC if the deferred amount is paid by the end of the 2020/21 tax year. If anyone can't pay by then an agreement would need to be made individually with HMRC under the time to pay arrangements.

Do I still need to submit my VAT returns?

Yes – all VAT returns should be submitted as usual by the normal deadlines, failure to do so could lead to penalties for non-submission being imposed (although if the reason for non-filing is related to illness there may be a case to appeal against any penalties under the usual 'reasonable excuse' provisions).

How can Winders help?

We will be working as normal to assist clients with the submission of their VAT returns and can also provide further advice regarding a plan for the future repayment of the deferred amount. Please contact us to discuss further.

Further information can be found here

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-through-deferring-vat-and-income-tax-payments>