



The recent announcement of a package of support for businesses was very welcome news. The deferral of VAT payments in the period 20th March to 30th June gives an immediate boost to cash flow as taxpayers will not need to make a VAT payment during this period. However, in the absence of anything explicitly to the contrary, everything else is “business as usual” and **VAT returns must still be submitted on time.**

Key points:

- No need to make the VAT payments due between 20th March and 30th June. Payments due before and after that period still payable on due date.
- Affects VAT returns for periods ending February (due 7th April), March (due 7th May) and April (due 7th June) and payments on account due at the end of March, April, May and June.
- Payments due by those registered on the Mini-One-Stop-Shop (MOSS) are not eligible for deferral.
- No interest will be charged on amounts deferred.
- Refunds and reclaims will continue to be paid to taxpayers as normal
- Payment of the VAT deferred need to be made at the end of the 2021 “tax year”. HMRC have stated this is the year ended 31st March 2021. However, for VAT purposes the precise date your tax year ends vary, depending on when your VAT return periods end. If your first complete VAT return of the year ends on 31st March, then your tax year ends 31st March; similarly, if it ends on 30th April then your tax year ends 30th April and 31st May if your first VAT return of the year ends 31st May.
- Businesses paying by direct debit must cancel these as soon as possible because HMRC may request payment automatically.
- All UK VAT registered businesses, including non-resident (foreign) VAT registered businesses, charities, Trusts and sole proprietors are eligible.
- No specific application required

More generally, any business experiencing difficulty in making its VAT payments should contact HMRC to discuss time to pay proposals as soon as possible rather than letting liabilities build up. HMRC will be open to all sensible offers in these difficult times.

Finally, HMRC have announced that Making Tax Digital Phase 2, which requires full digital record keeping and links has been postponed until 1st April 2021.

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