

Deferred VAT payments

To help support businesses through the impact of coronavirus disruption, HMRC offered the option to defer VAT payments falling due between 20 March 2020 and 30 June 2020. If you took advantage of this offer, you now have three choices.

You can either:

- pay the deferred VAT in full on or before 31 March 2021
- opt in to the VAT deferral new payment scheme
- contact HMRC if you need more help to pay

If you want to opt in to the new payment scheme, the online opt-in process will be available from 23 February 2021 and will remain open until 21 June 2021. You must opt-in personally; unfortunately your accountant cannot do this for you. Instead of paying the full amount by the end of March 2021, you can make up between 2 and 11 smaller monthly instalments, interest free. All instalments must be paid by the end of March 2022.

In order to use this scheme, you must:

- still have deferred VAT to pay
- be up to date with your VAT returns
- opt-in before the end of March 2021
- pay the first instalment before the end of March 2021
- be able to pay the deferred VAT by Direct Debit

If you opt-in to the scheme, you can still have a Time To Pay arrangement for other HMRC debts and outstanding tax.

In order to get ready to opt in to the new payment scheme you must create your own Government Gateway account (if you don't already have one) and submit any outstanding VAT returns from the last 4 years. You will not be able to join the scheme if you have not already done so. You must also correct errors on your VAT returns as soon as possible. Make sure that you know how much you owe, including the amount you originally deferred and how much you may have already paid. You should also pay what you can as soon as possible to allow HMRC to show the correct deferred VAT balance, and consider the number of equal instalments you'll need (from 2 to 11 months).



It may be worthwhile considering all of your tax liabilities at this point rather than just dealing with your VAT separately. Your accountant can offer you advice if you are having problems paying or alternatively contact HMRC's Payment Support Service on 0333 200 3835.

Published in the Wigan Observer 16th February 2021