

## Deferring VAT and Income Tax payments

Government has announced that HMRC will allow you to defer Value Added Tax (VAT) during a 3-month period. The deferral period will apply from 20 March 2020 until 30 June 2020.

- **VAT Deferral.** All UK businesses registered for VAT are eligible. This is an automatic offer with no applications required. You will need to cancel your VAT direct debit if you have one, preferably at least 7 days before the VAT return is submitted. Businesses will not need to make a VAT payment during this period (20 March to 30 June 2020). Taxpayers will be given until the end of the 2020-21 tax year, 31 March 2021, to pay any liabilities that have accumulated during the deferral period. VAT refunds and reclaims will be paid by the government as normal.

Additionally, if you are self-employed, Income Tax payments due in July 2020, under the Self-Assessment system will be deferred to 31 January 2021.

- **Income Tax.** For Income Tax Self-Assessment, payments due on the 31 July 2020 will be deferred until the 31 January 2021. If you are self-employed you are eligible. This is an automatic offer with no applications required.

Both of these support measures are welcomed as they offer the self-employed and VAT registered businesses fairly immediate cash-flow relief in the next few months.

**Action required:** HMRC are not cancelling your VAT and self-assessment tax payments, both are being deferred to a later date. Please ensure that you make allowance for this so that you can meet the payments when they fall due.