VAT deferral

Last updated on 27 March 2020

Please look at the source documents for fuller information and context. Any square brackets in this document indicate our current expectations or estimates; we shall update as these are confirmed or changed.

Who is eligible?

All UK VAT registered businesses, so all agencies.

How do I apply?

You don't need to apply. HMRC will defer any VAT payment due between the period from 20 March 2020 to 30 June 2020. Your agency will still owe this money to HMRC but it may be paid any time up to the end of the tax year, which we are interpreting as 31 March 2021.

Can you provide more information?

HMG states that we have *"until the end of the 2020 to 2021 tax year to pay any **liabilities** that have accumulated during the deferral period".*

We believe that the term "liabilities" is used in the context of VAT return payments due to HMRC in the period rather than referring to any VAT obligations arising, for example, from the raising of sales invoices during the period from 20 March to 30 June 2020.

Will there be any interest on the deferred amount?

"Officials" told the Financial Times that no interest or late payment charges would apply to the deferral; this has now been confirmed by HMRC. HMG also advise that any business that normally pays their VAT via Direct Debit, should cancel their direct debit immediately.

What has the IPA itself done?

As we pay our VAT by Direct Debit, we have cancelled our Direct Debit through our HMRC online account and with our bank. We shall reinstate the Direct Debit in time for our second quarterly payment due in August 2020. And we shall pay the deferred amount before 31 March 2021.