

VAT Deferral new payment scheme - opt in from end of February 2021

If you elected to defer your VAT due from 20 March to 30 June 2020 and still have payments to make, you can opt into the VAT deferral new payment scheme to pay your deferred VAT over a longer period.

The payment scheme is expected to open on 23 February 2021 and close at the end of June 2021. If you elect to opt in, you can make up to 11 smaller monthly instalments, interest free.

In many cases you can simply opt in to the scheme online without the need to call, once the scheme opens.

Unfortunately, HMRC will not allow us, as your agents, to opt into this on your behalf.

There are three options open to you regarding the Covid quarter VAT liability:

- *If you can pay your deferred VAT by 31 March 2021 then HMRC are encouraging you to do so.*
- *join the VAT deferral new payment scheme – by using the online service which opens between 23 February and 21 June 2021*
- *contact HMRC on Telephone: 0800 024 1222 by 30 June if you need extra help to pay*

You may be charged interest or a penalty if you do not:

- *pay the deferred VAT in full by 31 March 2021*
- *opt into the new payment scheme by 21 June 2021*
- *agree extra help to pay with HMRC by 30 June 2021*

Pay your deferred VAT

You can [pay your deferred VAT](#) in full by 31 March 2021.

You do not need to contact HMRC.

If you want to join the new scheme

It will enable you to:

- pay your deferred VAT in equal instalments, interest free
- choose the number of instalments, from 2 to 11 (depending on when you join)

To use the online service, you must:

- join the scheme yourself, we cannot do this for you
- still have deferred VAT to pay
- be up to date with your VAT returns
- join by 21 June 2021
- pay the first instalment when you join

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

Instalment options available to you

The month you decide to join the scheme will determine the maximum number of instalments that are available to you. If you join the scheme in March, you'll be able to pay your deferred VAT in 11 instalments or fewer.

The table below sets out the monthly joining deadlines (to allow for Direct Debit processing) and the corresponding number of maximum instalments (including the first payment):

If you join by:	Number of instalments available to you:
19 March 2021	11
21 April 2021	10
19 May 2021	9
21 June 2021	8

Before you join the scheme

Before joining, you must:

- create your own [Government Gateway](#) account (if you do not already have one)
- submit any outstanding VAT returns from the last 4 years – otherwise you'll not be able to join the scheme
- [correct errors on your VAT returns](#) as soon as possible
- make sure you know how much you owe, including the amount you originally deferred and how much you may have already paid

Should you have any queries, please do not hesitate to contact us

Leofric House, Binley Road
Coventry, CV3 1JN
Tel: +44 (0)24 7625 1333
Fax: +44 (024) 7625 1777

Euston House, 12 Euston Place
Leamington Spa, CV32 4BN
Tel: +44 (0)1926 88 88 65
www.leigh-christou.co.uk

For Information of users: This material is published for the information of clients. It provides only an overview of the regulations in force at the date of publication, and no action should be taken without consulting the detailed legislation or seeking professional advice. Therefore, no responsibility for loss occasioned by any person acting or refraining from action as a result of the material can be accepted by the authors or the firm.

Leigh Christou Ltd are registered as auditors in the UK and regulated for a range of investment business activities in the United Kingdom by the Association of Chartered Certified Accountants.