



DEFERRED VAT FROM 2020 ? REPAYMENT OPTIONS [23rd FEBRUARY 2021]

BACKGROUND

As a brief recap of the Government's recently announced **Deferred VAT Payment scheme**, please see the following –

The payment options newly available to businesses in respect of deferred VAT amount(s) (from April to June 2020), now include the following:

1. **Pay** - the deferred VAT amount in full on or before 31st March 2021 (as originally planned)
2. **Opt in** - to the VAT deferral payment scheme [**Registration available - 23rd February 2021**]
3. **Contact HMRC** - if you need more help to pay ('**Time to Pay**' arrangement)

ELIGIBILITY CRITERIA

The criteria for a business (includes both limited companies and self employed/sole traders) to be able to '**Opt in**' to the new payment scheme are as follows:

1. there remains an amount of deferred VAT to pay
2. all other VAT returns are currently up to date
3. they have completed the '**opt in**' process before 21st June 2021
4. pay the first instalment before 21st June 2021
5. ensure that the payments are made as per the arrangements by Direct Debit
6. like the SEISS claim process - the '**opt in**' process must be dealt with by the business itself i.e. your Agent (**Sakura**) **cannot** do this for you.

NOTE - There is no requirement that where a business **opts in** to the new payment scheme, that it cannot still have other separate '**Time to pay**' arrangements with HMRC for other tax debts.

DEFERRED VAT PAYMENT SCHEME [REGISTRATION STEPS BELOW]

Businesses are able to 'sign up' to the Deferred VAT Payment scheme through the online link from now until the 21st June 2021 deadline.

The main benefits of **opting in** to the new scheme are that it allows businesses to:

- pay the deferred VAT in instalments - **without adding interest**
- select the number of instalments required from **2 to 11 equal monthly payments**

The maximum number of payment instalments applicable under the repayment scheme, will be partly determined by the month that your business '**signs up**' with the scheme e.g.

- **joining the scheme in March 2021**, will enable the deferred VAT to be paid in 11 instalments (or fewer), however
- **joining the scheme in June 2021** will enable only 8 instalments (or fewer) are available



If you join by: No. of instalments

19 March 2021	11
21 April 2021	10
19 May 2021	9
21 June 2021	8

PLEASE NOTE –

Before attempting to 'opt in' to the online scheme please note the following key points:

1. create your own **Government Gateway** account if you don't already have one
2. submit any outstanding VAT returns from the last 4 years. **You will NOT be able to take advantage of the extended scheme if you have not done so**
3. correct errors on your VAT returns as soon as possible. Corrections received after 31 December 2020 may not show in your deferred VAT balance
4. make sure you know how much you owe, including the amount you originally deferred and how much you may have already paid
5. **be aware** – that the online service **CANNOT** be used where there are dual signatories on the business bank account
6. **where you CANNOT join the online scheme for any reason** – then contact the Covid-19 helpline on 0800 024 1222, where an advisor should be able to assist
7. any businesses on the VAT Annual Accounting Scheme or the VAT Payment on Account Scheme will **ONLY** be able to join the scheme at a later date

GUIDE TO 'SIGNING UP' TO THE VAT PAYMENT SCHEME

- <https://www.gov.uk/guidance/deferral-of-vat-payments-due-to-coronavirus-covid-19>

How to join

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

To use the online service, you must:

- join the scheme yourself, your agent 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
- pay your instalments by Direct Debit (if you want to use the scheme but cannot pay by Direct Debit, there's an [alternative entry route](#) for you)

Join the scheme now >

BETA This is a new service – your [feedback](#) will help us to improve it.

Keep your information secure

Do not share your Government Gateway user ID and password with anyone else.

Sign in using Government Gateway

Government Gateway user ID

This could be up to 12 characters.

Password

Sign in

Before you start

You must accept the terms and conditions

Terms and conditions

We can cancel this agreement if you pay late or miss a payment.

If we cancel this agreement, you will need to pay the total amount you owe straight away.

Declaration

I agree to the terms and conditions of this payment plan.

Accept and continue

Check you can use this service

To use this service you must:

- have a UK bank account
- be able to set up a Direct Debit
- be able to pay the first instalment on 1 March 2021

! You must pay all instalments on time. If you are unable to pay, [contact us](#) (opens in a new tab) to arrange other ways to clear your debt.



Your deferred VAT bill is £

How we worked out your deferred VAT bill

VAT payable for 20 March to 30 June 2020	£
VAT paid to date	£
Deferred VAT left to pay by 31 March 2022	£

▶ [What to do if you think this bill is wrong](#)

Continue