

COVID 19: UPDATE ON VAT & PERSONAL TAX

The Chancellor of the Exchequer announced a number of additional VAT measures on Thursday 24 September 2020 to support individuals and businesses that are likely to be affected by the current COVID-19 pandemic. The key VAT points for our clients have been outlined below.

VAT

VAT Payment Deferral

The VAT payment deferral scheme for any VAT payments due between the period 20 March 2020 to 30 June 2020 has been extended. The initial deadline for those VAT payments under the deferral scheme was 31 March 2021. Following today's announcement those deferred payments can be split into smaller amounts and paid on an interest free basis over an 11 month period.

Hospitality and Tourism – Extension of VAT Rate Reduction

The temporary VAT rate reduction from 20% to 5% for the hospitality and tourism sectors announced by the Chancellor on 8 July 2020 has been extended from 12 January 2021 to 31 March 2021.

Personal Tax

Deferral self-assessment payment

The Chancellor, as part of his Winter Economy Plan, has also announced further self-assessment payment deferrals since the July 2020 payment on account deferral.

The balancing payment due by 31 January 2021, and the July payment on account (above), have a 12 month extension and instead would have to be paid by January 2022.

This extension would have to be applied for through the online Time to Pay facility. Time to Pay arrangements are usually based on how much one can afford and there is no set arrangement. Therefore, it would be interesting to see how this would work for this deferral.

If you need further information, please do not hesitate to get in touch with your usual Throgmorton contact or a member of the Private Client tax team for further information.