



The Government has updated its guidance for businesses, including a reminder to businesses they require to cancel the automatic direct debit for paying VAT to HMRC if they wish to defer their next VAT payment.

HMRC now advise businesses to contact their bank if they wish to take advantage of the VAT deferral. If your VAT quarter is to February 2020, it is important to contact your bank in good time to cancel the direct debit which will be taken around 10 April 2020. When cancelling the direct debit, a business should ensure that it is only cancelling the direct debit to HMRC for VAT and not any other taxes.

Should a business not wish to take advantage of deferring its next VAT payment until the end of the 2020/21 tax year they should not cancel their direct debit and HMRC will automatically take their payment via the direct debit that has been set up.

At present the Government has only agreed to allow businesses to defer one VAT quarter, and unless this changes, it is important that businesses remember to reactivate the direct debit before VAT is due for the May, June or July 2020 VAT return and due for payment on 10 July, August or September 2020.

The Government Guidance COVID-19: support for businesses, first issued on 20 March 2020, and updated on 24 March 2020, can be accessed [HERE](#)

Finally, it is important to remember that all businesses require to submit their VAT returns on time as this offer by the Government is a deferral of payment of the next VAT return and not deferral of the preparation and submission of the next VAT return. This is unfortunate as it is not clear if the Government have considered the effect the COVID 19 pandemic will have on the ability of businesses to collate the information in order to prepare and submit their next VAT return.