



Call: (01736) 366433 or (01637) 876767

Email: info@craneandj.co.uk

Website: www.craneandj.co.uk

Dear Client

Businesses need to reinstate VAT direct debits

The deferral of VAT payments due to coronavirus comes to an end on 30 June and you may need to take action to reinstate your direct debit mandate if this is applicable to you.

The VAT payment deferral means that all UK VAT-registered businesses have the option to defer VAT payments due between 20 March and 30 June 2020 until 31 March 2021.

Businesses need to take steps to reinstate their direct debit mandates so that they are in place in time for payments due in July 2020 onwards. Any outstanding returns should be filed, and three working days should be allowed to elapse before reinstating the direct debit mandate.

HMRC will issue guidance on the end of the VAT deferral period very soon but, to be effective, direct debit mandates usually need to be set up three working days before a VAT return is filed.

We cannot set up direct debit mandates on behalf of our clients; the business needs to set up the mandate through their business tax account.

HMRC has confirmed that it will not collect the outstanding balance of deferred VAT when the direct debit mandate is reinstated. HMRC has made the necessary systems change to avoid this happening for businesses in MTD for VAT.

As always, if you have any questions or concerns please feel free to contact your usual contact / client manager at Crane & Johnston as we are here to help you through this uncertain and challenging period.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Crane & Johnston', written over a thin horizontal line.

Crane & Johnston