

Temporary VAT cuts and deferrals

The government announced on 24 September 2020 that the temporary 5% reduced rate of VAT for the tourism and hospitality sectors has been extended to the end of March 2021.

05 October 2020

Please note: the information contained in this legal update is correct as of the original date of publication.

The government announced on 24 September 2020 that the temporary 5% reduced rate of VAT for the tourism and hospitality sectors, which has applied to supplies made since 15 July 2020, has been extended to the end of March 2021.

At the same time, it was also announced that, rather than paying a lump sum in full at the end of March 2021, businesses that deferred their VAT bills due from 20 March to 30 June 2020 will be able to make 11 smaller interest-free payments during the 2021-22 financial year under the New Payment Scheme. Such businesses will need to opt-in to the scheme, which is voluntary; those businesses that can pay their deferred VAT can still do so by the end of March 2021.

Contact



Christian Burchardt

Senior Associate

christian.burchardt@brownejacobson.com

0115 934 2082

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