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HELP

Constable VAT have previously been involved with Suffolk ProHelp speaking at Village Hall week events and providing some support directly to projects. They have recently formally joined us and wanted to provide some advice and guidance on VAT to voluntary organisations in the present crisis.

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As the situation regarding COVID-19 progresses, the Government has provided some welcome reliefs for non-profit making organisations which may be facing difficulties as a result of the pandemic. Whilst a broad range of measures have been introduced, there has been a focus on VAT arrangements in the UK.

### **VAT Liabilities arising before 20 March 2020**

There have been no special actions introduced relating to VAT debts which arose before 20 March 2020. However, HMRC has set up a dedicated Coronavirus helpline to assist all taxpayers with outstanding tax liabilities they are struggling to meet. HMRC's COVID-19 Guidance for Employers indicates that organisations experiencing problems meeting their obligations as a result of the current situation regarding COVID-19 may be able to agree a bespoke "Time to Pay" (TTP) arrangement. The number for this helpline is 0800 0159 559.

TTP must be requested from HMRC and discretion will be exercised when TTP is applied for. When an application is received, HMRC is likely to ask about the recent income and expenditure trends of the entity and any plans which are in place to help it to meet its financial obligations. Many not-for-profit organisations have had to close facilities which has caused difficulties.

### **VAT Returns and payments due after 20 March 2020**

Taxpayers should continue to submit VAT returns on time. However, payments of VAT due between 20 March and 30 June 2020 can be deferred until 31 March 2021 without incurring interest or penalties.

Businesses and charities wishing to take advantage of this deferral do not need to request permission or inform HMRC. However, care should be taken to ensure that any Direct Debit instructions which are in place are cancelled to prevent payment being taken automatically.

### **VAT Repayments**

HMRC has announced that it will offset VAT repayment claims against VAT debts that an organisation had accrued before the COVID-19 related VAT deferral measures were introduced.

However, HMRC will not be offsetting repayment claims against VAT liabilities that have been deferred under the new arrangements. This means that organisations that defer VAT payments should obtain VAT refunds due in subsequent periods.

Organisations which are “repayment traders” (recover more VAT than pay to HMRC), they may wish to consider submitting monthly VAT returns in order to accelerate the rate at which input VAT can be recovered.

### **VAT disclosures & VAT assessments**

The above deferral measures do not apply to VAT assessments and voluntary disclosures which must still be paid in accordance with HMRC’s usual rules.

We have already seen indications that HMRC may have advised its staff to raise assessments immediately (where a VAT enquiry is underway) based on HMRC’s “best judgement” of the sums due, rather than delay until a situation has been fully resolved and VAT liabilities agreed. This means that organisations with open enquiries/disputes may start to receive VAT assessments that are incorrect; however, HMRC may waive the time limits usually enforced to challenge any assessment.

### **Making Tax Digital**

HMRC has announced that, due to the impact of COVID-19, taxpayers now have until their first VAT return period starting on or after 1 April 2021 to put digital links in place. The previous deadline was 1 April 2020.

### **Personal Protective Equipment**

HMRC has introduced a new, temporary zero-rate for supplies of personal protective equipment (PPE) which will apply from 1 May to 31 July 2020. Revenue & Customs Brief 4 (2020) contains details around what is considered PPE.

There will also be no import VAT or duty on PPE imported by or on behalf of various bodies, including state bodies and approved charities. General approval has been given by HMRC to those registered in the Charities Commission register or the Office of The Scottish Charities Regulator. However, other bodies may also qualify for this relief such as hospitals and youth organisations; HMRC’s Guidance on this area provides useful lists.