

VAT Deferral New Payment Scheme – online service opens

Over half a million businesses that deferred VAT payments last year can now join the new [online VAT Deferral New Payment Scheme](#) to pay it in smaller monthly instalments, HMRC announced today (23 February 2021).

In order to take advantage of the new payment scheme businesses will need to have deferred VAT payments between March and June 2020 under the VAT Payment Deferral Scheme. They will now be given the option to pay their deferred VAT in equal consecutive monthly instalments from March 2021.

Businesses will need to opt-in to the VAT Deferral New Payment Scheme. They can do this via the online service that opens on 23 February 2021 and closes on 21 June 2021.

Jesse Norman, Financial Secretary to the Treasury, said:

The government has provided a package of support worth over £280 billion during the pandemic to help protect millions of jobs and businesses.

This now includes the VAT Deferral New Payment Scheme, which will help provide businesses with the breathing space they may need to manage their cashflows in the weeks and months ahead.

The new payment scheme is part of a wider government package of support, worth more than £280 billion, which is helping to protect millions of jobs and businesses. So far, around £34 billion has been injected into the UK economy following the half a million businesses that deferred their VAT payment last year.

The new payment scheme will continue to help the economy recover by enabling businesses, impacted by the pandemic, to manage their business cash flow at a critical time.

Businesses can spread their payments with 2 to 11 equal monthly instalments, interest free. Payments can start from March 2021, and the earlier businesses opt-in, the more instalments are available to help spread the cost and provide further support.

Eligible businesses that are unable to use our online services can ring the HMRC Coronavirus Helpline on 0800 024 1222 to join the scheme until 30 June 2021.

The scheme is open to businesses that deferred VAT due from 20 March to 30 June 2020 (under the VAT Payment Deferral Scheme) and still have payments to make.

They can:

- pay the deferred VAT in full, on or before 31 March 2021
- opt-in to the VAT Deferral New Payment Scheme online between 23 February and 21 June 2021
- contact HMRC by 30 June 2021 if they need to agree extra help to pay

You can pay your deferred VAT in 2 to 11 consecutive instalments starting in March, April, May or June 2021, without adding interest.

Those joining online are able to set up direct debit payments. The joining date is slightly longer for those unable to use our online services due to the way payments are processed.

You can find details of [what businesses must do before they opt-in](#).

If you [need extra help to pay](#) and have not contacted HMRC by 30 June 2021, you may be charged interest or a penalty.

The VAT Deferral New Payment scheme will require a direct debit to be set up as part of the digital opt-in process and this must be done by the authorised bank account holder. Because of that, HMRC is unable to provide an agent service for the scheme.

Details of the [VAT Deferral New Payment Scheme and its operation are available on GOV.UK](#) to allow agents to appropriately advise and support their clients both prior to and during the opt-in process.

The HMRC Coronavirus Helpline 0800 024 1222 is open 8am to 4pm Monday to Friday, except bank holidays.

More information is available about the [VAT Deferral New Payment Scheme](#), including further detail for people who are unable to opt-in online and what to do if you are a Payment on Account or an Annual Accounting customer.

The VAT Deferral New Payment Scheme was [announced by the Chancellor in the Winter Economy Plan](#).

Over half a million [businesses have deferred their VAT payments](#).

The government has invested more than £280 billion throughout the pandemic to protect millions of jobs and businesses. You can find a [summary of existing economic support on GOV.UK](#).

Follow the [National Cyber Security Centre's 6 essential steps to keep yourself and your business secure](#).