COVID-19: an update on recent developments

General Features | Indirect Tax | Personal tax

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In this article, we summarise the most recent announcements and further guidance published by the government in relation to the Self-Employed Income Support Scheme and the permitted deferral of VAT payments.

Self-Employed Income Support Scheme (SEISS)

Claims for the third round of the SEISS opened on 30 November, and will close later this month on 29 January. The grant is worth up to 80% of average monthly trading profits, for a period of three months, capped at an overall maximum of £7,500.

The Treasury Direction dated 24 November (see tinyurl.com/y2s2j68n) sets out that, in order to be eligible for the third grant, all of the same conditions have to be met as for the first and second grants. However, two extra conditions must also be met in order to be eligible for the third grant:

- The trade must have suffered from reduced activity, capacity or demand in the period from 1 November 2020 to 29 January 2021 as a result of COVID-19.
- The claimant must reasonably believe that they will suffer a significant reduction in trading profits for the basis period including those months as a result.

A claim cannot be made for the third grant if the reduced activity, capacity or demand is caused solely because a person is required to self-isolate, or care for someone required to self-isolate, as a result of travelling to the UK.

The ATT and CIOT held a webinar on 27 November 2020 looking at the third grant in more detail. A recording can be watched for free on the CIOT (www.tax.org.uk/SEISSwebinarNov) and ATT (www.att.org.uk/SEISSwebinarNov) websites.

At the time of writing, the details regarding the level of the fourth grant (intended to cover the period from February to April) and who is eligible are yet to be confirmed. Please keep an eye on the CIOT (www.tax.org.uk/COVID19SEISS) and ATT (www.att.org.uk/COVID19SEISS) websites for the latest updates.

VAT deferral: updated guidance and the position for deregistered businesses

VAT registered taxpayers were able to defer payments of VAT due to HMRC arising from VAT returns submitted between 20 March and 30 June 2020, until 31 March 2021. On 24 September 2020, the Chancellor announced a new measure allowing taxpayers
that need more time to opt into a repayment plan of smaller amounts over an 11 month period interest free, subject to meeting the qualifying criteria. HMRC have now updated their guidance (see tinyurl.com/yx247sum) with information on how taxpayers can opt into the scheme, which will be open for registration in early 2021. If a taxpayer does not opt in, the full balance of the deferred VAT is still due on 31 March 2021.

Deregistered businesses

The CIOT approached HMRC to query whether deregistered businesses with an outstanding deferred VAT balance could still use this scheme. The response stated: ‘HMRC will support business that need help, including those that deferred VAT and have since deregistered. These businesses will either be able to use the VAT deferral new payment scheme through the online journey or, if we are unable to provide that, we will offer these businesses the same terms as the new payment scheme through HMRC’s well-established Time to Pay service. We will share full details of who can and can’t use the new service on GOV.UK, including advice on where to go for extra help.’