

March 2021 Budget - VAT

VAT reduced rate for tourism and hospitality

The government will extend the temporary reduced rate of VAT of 5% for hospitality, holiday accommodation, and attractions until 30 September 2021.

This will be followed by the introduction of a new reduced rate of 12.5% from 1 October 2021 that will be in effect until 31 March 2022 at which point it will revert to the standard rate.

VAT Deferral New Payment Scheme

The VAT deferral new payment scheme was announced on 24 September 2020 and gives businesses the opportunity to make monthly payments of deferred VAT from March 2021. Businesses that deferred VAT payments - which would otherwise have been payable with (or in connection with) VAT returns - due between 20 March and 30 June 2020 will now have the option to pay them in up to 11 interest-free instalments between 2021 to 2022.

Businesses that do not choose this option must pay deferred VAT by 31 March 2021. Businesses may opt-in between February and June 2021 but with fewer instalments where take-up is in April (up to 10 Instalments), May (up to nine instalments) and June (up to eight instalments), to ensure that full payment is received by the end of the financial year.

