



Update 24 Sept 2020

## *Government announcement – Tax cuts & Deferrals*

### **Tax cuts and deferrals**

As part of the package, the government announced it will extend the temporary 15% VAT cut for the tourism and hospitality sectors to the end of March next year. This will give businesses in the sector - which has been severely impacted by the pandemic - the confidence to maintain staff as they adapt to a new trading environment.

In addition, up to half a million business who deferred their VAT bills will be given more breathing space through the New Payment Scheme, which gives them the option to pay back in smaller instalments. Rather than paying a lump sum in full at the end March next year, they will be able to make 11 smaller interest-free payments during the 2021-22 financial year.

On top of this, around 11 million self-assessment taxpayers will be able to benefit from a separate additional 12-month extension from HMRC on the “Time to Pay” self-service facility, meaning payments deferred from July 2020, and those due in January 2021, will now not need to be paid until January 2022.