

DELAYING IMPORT DUTY/VAT PAYMENTS AS A RESULT OF COVID-19

Many businesses that import goods into the UK from outside the EU operate deferment accounts, which allow payment of import VAT and duty to be delayed for 15 days after the month in which the goods are brought into the country.

See Gov.uk - How to set up a deferment account: <https://www.gov.uk/guidance/setting-up-an-account-to-defer-duty-payments-when-you-import-goods>

HMRC requires such accounts to be supported by a bank or insurance company guarantee. As payments to settle deferment accounts are not covered by the general deferral of VAT payments until 30 June, importers have been increasingly concerned that failure to abide by the terms of the account could mean that their account might be suspended and that HMRC may call on its guarantee to settle the unpaid duty. Considering the challenges faced by importers at this time, HMRC have stated:

“Duty deferment account holders who are experiencing severe financial difficulty as a result of coronavirus and who are unable to make payment of deferred customs duties and import VAT due on 15 April 2020 can contact HMRC for approval to enter into an extended period to make full or partial payment, without having their guarantee called upon or their deferment account suspended. The account holder should contact the Duty Deferment Office at 03000 594243 or by email cdoenquiries@hmrc.gov.uk or the COVID-19 helpline on 0800 024 1222. Account holders will be asked to provide an explanation of how coronavirus has impacted their business finances and cash flow.”

Duty Deferment account holders will be able to use their accounts during the extended payment period agreed unless they default on a subsequent payment in that period, in which case HMRC may consider suspending their account. The outstanding payment will not affect their duty deferment limit so they will not need to increase their guarantee to cover the outstanding payment. Where HMRC agree to an extended payment period, interest will not be charged on the outstanding payments provided they are paid in full by the agreed date.

Duty/import VAT payments not covered by a duty deferment account

Registered Importers who pay cash or an equivalent and are facing severe financial difficulties as a direct result of Covid-19 can contact HMRC to request an extension to the payment deadline at the time the payment is due. They will be asked to provide an explanation of how Covid-19 has impacted on their business finances. HMRC will consider this request and decide

whether to agree an additional time to pay. The decision will be taken on a case-by-case basis and could be refused.

If the request is approved the conditions, including the length of time offered, will depend upon the importer's individual circumstances and may require the holding of a guarantee for the period of the time extension. They do not offer this facility to non-registered importers. For further information, please contact the Customs Debt Policy inbox:

custdebtrr.customspolicy@hmrc.gov.uk