

Hi colleague,

Today HMRC announced measures to ease the burden of submitting VAT returns during the COVID-19 pandemic. This is good news and demonstrates HMRC's willingness to support the NHS at this difficult time. A summary of these measures is listed below.

1. An extension to the adjustment period for submitting COS VAT claims. Any adjustment to COS recovery for the financial year 2019/20 can now be made up to and including the December 2020 VAT return, which must be submitted to HMRC no later than 7 February 2021. This is a one-off easement from the normal requirement to include adjustments on the June 2020 VAT return.
2. The ability to estimate COS VAT recovery, but only on application to HMRC.
3. Business input tax and output tax can also be estimated, but again only on application to HMRC.

The full details of HMRC's announcement can be found [here](#).

What does this mean for NHS bodies?

HMRC has stated that NHS bodies should continue to submit VAT returns with actual figures wherever possible. So, for NHS trusts and boards who retain operational finance staff, VAT procedures and processes should continue as normal. Monthly VAT returns should continue to be submitted to the usual

timescales to ensure that you receive prompt VAT reimbursements. HMRC has given assurance that prompt VAT repayments will continue to be made.

All NHS bodies are likely to benefit from the additional 6-month period to reclaim VAT on invoices with a tax point between 1 April 2019 and 31 March 2020. It is likely that there will be more invoices outstanding for payment than normal by the end of July 2020, so the 6-month extension will allow additional time for this VAT to be reclaimed. For NHS bodies that make a year-end accrual for unpaid VAT invoices, this adjustment moves from June to December 2020.

For any NHS bodies with no capacity or expertise to complete VAT returns, applying to HMRC for permission to provide estimates should be considered. We would however urge a degree of caution before considering estimating VAT return figures and ask that you contact your Liaison Financial VAT advisor before taking any action. Use of estimated figures may ease immediate resourcing issues but can lead to potential VAT accounting errors in the future.

HMRC's announcement is welcome news, although adjustments for 2019/20 can still be included on VAT returns prior to December and there may be good reasons for doing so if that is possible. For example, the December 2020 easement means that you will have two deadlines for adjustments within a 6-months period (the deadline for VAT incurred in 2020/21 remains as the June 2021 VAT return). Further, recovering COS VAT as soon as possible aids cash-flow at a time when this may be critical. It is also worth remembering that VAT can be reclaimed as soon as you receive a VAT invoice and before payment is made.

Upcoming Webinars

We have several upcoming webinars that will cover this important change along with other updates and changes to NHS VAT. Please register for your preferred slot using the links below.

[Register: Wednesday 8 April at 11.00am](#)

[Register: Thursday 9 April at 11.00am](#)

[Register: Thursday 16 April at 11.00am](#)

[Register: Thursday 23 April at 11.00am](#)

[Register: Thursday 30 April at 11.00am](#)

Liaison Financial remains fully operational for the duration of the COVID-19 crisis and has the resources and wealth of experience to support our clients at this crucial time. Please contact your Liaison Financial VAT advisor should you require any assistance or further details regarding the implications of HMRC's announcement.

Kind regards,

Liaison Financial

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