

Selection of Global Measures for Companies Impacted by Covid 19/SARS-CoV 2

This is an overview of **tax developments** regarding selected national measures being announced or already enacted to counter the impacts of the Corona Virus as of 27 March, 2020

Belgium

Individual person and legal entities who dispose of a company identity number and can prove that they are actually exaggerated by the spread of Covid-19 can benefit from the announced support measures concerning Covid-19 (such as drop in sales, drop in orders and/or reservations, infestation by a chain reaction with partner companies).

Furthermore, it is possible to claim for postponement for filing Corporate Income Tax returns, tax returns for legal entities and tax returns for non-residents with a deadline instead of 16 March, 2020 to 30 April, 2020. Such deadlines will also apply to the submission of periodic VAT returns and European Sales Lists for the months of February and March and the first quarter of 2020, and for the Annual Sales List for 2019. The period has been extended to 30 April, 2020 for the Annual Sales Listing. In addition, there will be granted a two month automatic deferral for the payment of Value Added Tax and Withholding Tax (without any fines or interest being charged). For the payment of personal and Corporate Income Tax, tax for non-residents and tax for legal entities, an additional period of two months will be automatically granted (no charging interest on late payment). This measure applies to the settlement of these taxes, assessment year 2019, established from 12 March, 2020. No automatic payment deferral applies to assessments assessed prior to 12 March, 2020. For the settlement of debts related to personal or corporate income tax, including those established before 12 March, 2020, support measures are announced and additional payment periods are available upon request. The Belgian tax authorities postpone their non-essential and/or less urgent audits. Only the audits necessary to protect the financial interests of the State are retained. For more information, see: <https://finanzen.belgium.be/de>

China

The Chinese Government adopted several measures for the 2020/2021 Budget:

Tax relief measures introduced by banks for corporate customers, retail customers, small and medium sized and insurance companies. They include postponement on mortgage loans, extension of loan payment period, cash flow support (corporate customers), and different types of fee waivers (depending on the bank).

Value Added Tax exemption of customer services (medical services, catering, accommodation, public transport, delivery services, some personal services) for an unlimited period.

Corporate Income Tax and Value Added Tax incentives for companies producing medical supplies, used in relation with the Corona Virus. Extended tax loss carry-forward period (to eight years) for severely affected companies.

For more information, please refer to: <http://www.chinatax.gov.cn/eng/>

Denmark

The Danish Government has announced that it will decide on regulations that will extend and postpone payments of taxes including Value Added Tax (VAT).

For more information, please refer to: <https://skat.dk/skat.aspx?oid=16900> (in Danish language)

France

Numerous measures have been implemented by banks in conjunction with the exceptional public support measures for businesses, including the introduction of fast track credit appraisal procedures for tight cash flow situations and special attention to emergencies. It may also be possible to defer loan repayments for businesses for up to six months. Additional costs of deferrals and credit extensions for businesses as well as penalties have been suspended.

The French Government has declared the COVID 19 epidemic as force majeure, resulting in a waiver of late penalties and, for certain industries, such as chemical providers and construction companies, they are going to provide an acceleration of authorization procedures for new supply sources.

Companies can now receive financial support to offset loss of income caused by the reduction in working hours of relevant employees and, in some cases, utility bills may be temporarily suspended to ease the burden.

Payment Deadlines for Tax and Social Security Payments

It has been announced that all companies will be able to postpone the payment of tax and social security contributions without justification, formality or penalty. In addition, all employers with a due date of the 5th or 15th of the month may postpone all or part of the payment of employer and employee contributions.

Direct Tax Reductions

Companies in difficulties can request a rebate of all or part of their charges to deal with the crisis. Requests must be sent to the Corporate Tax Department with each request assessed according to the individual company's situation. Additionally, the Government has agreed to accelerate Value Added Tax refunds and tax credits to companies.

Support from the Banque de France

In the event of difficulty in negotiating a deferment or in obtaining financing, companies should be referred to the Credit Mediation Service, which is a free confidential service available to all. The Government will additionally be able to guarantee up to 90% of the cash loans, which certain companies could need and guarantee bank loans granted up to an aggregated amount of €300 Billion Euro.

The Minister of Economy and Finance also announced the creation of a solidarity fund of at least € 1 Billion Euro for so-called micro-entrepreneurs, the smallest businesses and for independents with

revenues of less than € 1 Mio., which have lost at least 70% of their sales between March 2019 and March 2020.

For more information, please refer to: <https://www.impots.gouv.fr/portail/> (in French language)

Italy

For all tax payers a deferral of the deadlines to 20 March for tax payments originally scheduled for 16 March concerning Value Added Tax, Withholding Tax on Social Security and Welfare cContributions and compulsory insurance premiums is confirmed. Tax compliance fulfillments expiring between 8 March, 2020 and 31 May, 2020, such as Intrastat models and VAT return, are also suspended.

A deferral of the payments of tax, social security contributions and compulsory insurance premiums for those taxpayers performing business or professional activities with a turnover in the previous year below Euro 2 Mio has been granted until 30 March. In addition, other tax deferrals have been provided for businesses operating in specific sectors considered to be mostly affected, as the tourism-hotel sector, art and culture, sport, catering, education or for those taxpayers situated in areas particularly affected by the pandemic. For those performing a businesses who have their fiscal domicile, registered office or operational headquarters in the provinces of Bergamo, Cremona, Lodi and Piacenza, Value Added Tax payments are suspended regardless of the volume of revenues or fees as above mentioned.

Deferred payments shall be made, without the application of penalties and interest, in a single instalment by 31 May, 2020 or by means of up to a maximum of five equal monthly instalments, starting from the month of May 2020.

The Withholding Tax for March has been waived for professionals, with revenues or fees earned in the previous tax year not exceeding Euro 400,000.00. This waiver applies, provided that in the previous month no expenses were incurred for dependent employment or likewise. Taxpayers who avail themselves of this possibility shall pay the amount of any unpaid withholding tax by May 31st for the full amount or in a maximum of 5 monthly installments starting from May.

As financial support for micro, small and medium businesses a in relation to mortgages and other loans repayable in installments, including those completed through the issue of agricultural bills of exchange, the payment of installments or lease payments due before 30 September, 2020 is suspended until 30 September, 2020. The repayment schedule for the installments or lease installments subject to suspension is postponed, together with ancillary elements and without any formalities, under arrangements that ensure the absence of new or increased charges for both parties. Companies may request the suspension of principal repayments only.

The following are also suspended: executive acts, deadlines for the collection of tax records for full and final settlement, deadlines for the submission of tax consultations and the sending of new tax records.

Tax credits will be granted to those who carry out business activities, to be used exclusively as compensation, to the extent of 60 % of the amount of the rent for the month of March 2020 relating to buildings in cadastral category C/1.

For more information, please refer to: <http://www.mef.gov.it/en/>

Luxembourg

Direct Taxes

Filing deadlines for the 2019 direct tax returns of individuals and corporate taxpayers are automatically postponed to 30 June, 2020. Deadlines for other tax filings (Salary Withhold Taxes, Dividend Withholding Taxes) are not rescheduled. Overdue filings, including tax filings for previous years are not granted any additional extension and may incur fines if not promptly filed.

Taxpayers facing liquidity issues due to the pandemic may request a waiver or reduction of the corporate income tax and municipal business tax instalments for Q1 and Q2 2020. Tax instalments for net worth tax for the same periods are not covered by this measure and should be settled as usual.

A four month payment deferral of any direct tax due on or after 1 March 2020 is also available. Taxes already due as at 1 March 2020 are not covered by this measure; however it may be possible to request and obtain a payment deferral (subject to the payment of an interest) for this as well under normal rules.

Value Added Tax (VAT)

The Indirect Tax Authorities have refunded Value Added Taxes due to taxpayers up to €10.000 Euro and fines for late submission of Valued Added Tax filings have been suspended until further notice. Payments of Value Added Tax are otherwise not affected by relief measures (so far) and must be settled as usual.

For more information, please refer to:

https://guichet.public.lu/de/organismes/organismes_citoyens/administration-contributions-directes.html (in German)

Netherlands

Deferral of Payment

Entrepreneurs who are facing problems effecting payments are eligible to request special permission to defer payments of Income Tax, Corporate Income Tax, Valued Added Tax and Wage Tax.

Reducing the Provisional Corporate Income Tax Assessment

In respect of Corporate Tax, companies with estimated turnover and taxable profits in 2020 that have been melted down are eligible to request a reduction of the provisional assessment for 2020 by submitting their application electronically in the usual way.

Value Added Tax

In most cases, Value Added Tax on expenses is tax deductible for entrepreneurs. In some cases, this applies to cancellations. Entrepreneurs who have incurred expenses for activities, which have subsequently been cancelled are advised to document those expenses and to find out whether the VAT is tax deductible.

Companies that have already paid VAT but have not been paid by their customers can reclaim the VAT under “irrecoverable debtors” once it is established that the company will no longer be paid. In practice, it can be difficult to determine when a debtor will pay or whether they will not pay at all. Whatever the situation, a right to reclaim VAT deemed to exist one year after the time at which the payment falls due.

Companies can change their tax period for VAT purposes. It may be advisable for companies that anticipate a need to reclaim VAT to submit returns on a monthly basis. In addition to requesting a deferral of payment, companies that anticipate that they will need to pay VAT may find it sensible to switch to quarterly returns.

Government Guaranteed Loans

By the end of March 2020, the Dutch Ministry of Economic Affairs and Climate Policy aims to have implemented a temporary expansion of the scheme for government guaranteed loans to small and medium sized companies. Under this scheme, companies will be able to increase their bank loans faster or obtain a connection loan from the bank.

For more information, please refer to:

<https://www.belastingdienst.nl/wps/wcm/connect/nl/home/content/coronavirus>

(in Dutch language)

Poland

The Polish Government has introduced certain measures to alleviate the consequences of the corona epidemic. Among other things, the dates of wage tax payments for March 2020 and April 2020, the introduction of SAF-T, the Valued Added Tax Return and the replacement of the previous SAF-T-VAT have been postponed. In addition, many simplifications have been proposed, e.g. with regard to the white list and split payment. Taxpayers who suffer negative consequences due to coronavirus are allowed to claim certain advantages in corporate income tax and personal income tax. There are also different discounts and exemptions that can be claimed.

For more information, please refer to: <https://www.gov.pl/web/coronavirus>

Portugal

The Portuguese Government announced to postpone the Corporate Income Tax return to 31 July, 2020, as well as the first instalment of special payment on account, to 30 June, 2020 and the first instalment for payment on account and additional payment on account to 31 August, 2020.

For more information, please refer to: <https://www.portugal.gov.pt/pt/gc22>

United Kingdom

The tax authority will support businesses by deferring Valued Added Tax (VAT) payments for three months. For Value Added Tax, the deferral will apply from 20 March, 2020 until 30 June, 2020. Businesses will not need to make a Value Added Tax payment during this period. Taxpayers will be granted until the end of the 2020 to 2021 tax year to pay any liabilities that have accumulated during the deferral period. Value Added Tax refunds and reclaims will be paid by the government as normal. Income Tax payments for self-employed due in July 2020 under the Self-Assessment system will be deferred to January 2021.

No penalties or interest for late payment will be charged in the deferral period. HMRC have also enlarged their Time to Pay offer to all companies and individuals who are in temporary financial distress as a result of Covid 19 and have outstanding tax liabilities.

Individuals and businesses who may not be able to pay their tax liabilities as a result of Covid 19 should contact the tax authority. Any arrangements with the HMRC will be agreed on a case-by-case basis.

For more information, please refer to: <https://www.gov.uk/government/news/tax-helpline-to-support-businesses-affected-by-coronavirus-covid-19>

United States

The US Department of the Treasury and the IRS have extended the 15 April tax payment deadline to 15 July, 2020.

This extension applies only to Federal Income Tax payments due for a taxpayers 2019 tax year, including tax on self-employment income. Estimated Federal Income Tax payments due on April 15, 2020 regarding a taxpayers 2020 taxable year, also qualify for the 90 day extension.

Many states are announcing extensions to state tax filing and payment deadlines. The Senate passed a \$ 22 Trillion economic relief package on 25 March, which would mean many Americans would receive direct payments of up to \$ 1,200, plus \$ 500 per child, expanded unemployment insurance, increased funds for hospitals and veterans healthcare, and \$ 349 Billion in loans to small businesses amongst other measures.

For more information, please refer to: <https://www.usa.gov/coronavirus>