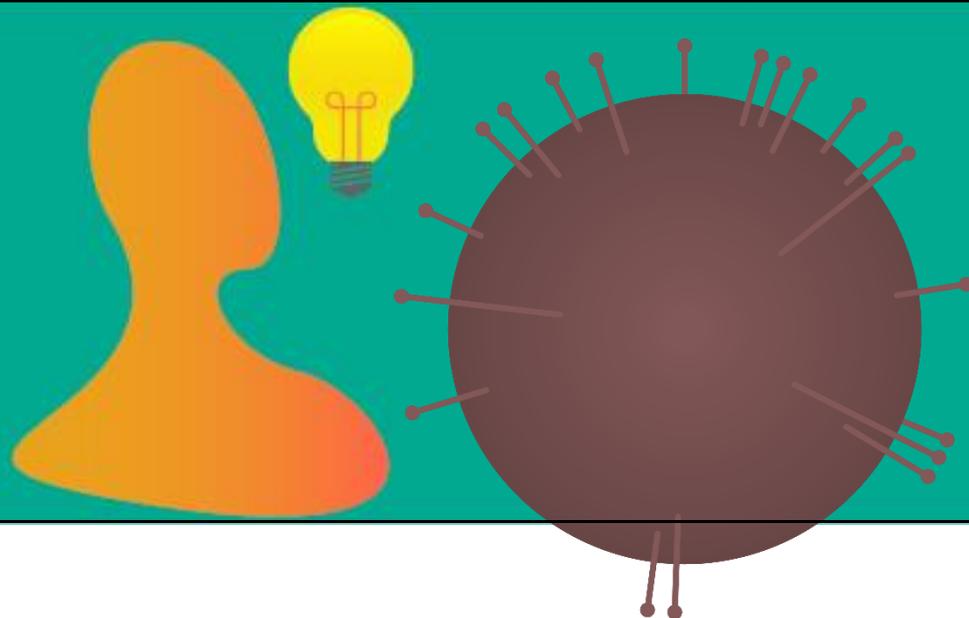


## GOOD TO KNOW

### EU SURVEY:

Tax measures in the EU and other countries against the effects of coronavirus (SARS-CoV-2)



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### Tax measures in the EU and other countries against the effects of coronavirus (SARS-CoV-2)

The coronavirus that has arrived in Europe poses challenges to the daily lives of all citizens. The number of infected person increases exponentially from day to day. In order to slow down the spread of the virus, new regulations and significant restrictions in public life are being introduced in most European countries.

Beside these effects on public life, companies are also struggling with the negative effects of the coronavirus. The EU Commission has thus already announced that it will set up a "Corona Response Initiative" with a volume of EUR 25 billion to support affected companies.

Most European countries have adopted tax simplifications and tax relief measures to support companies cope with the economic disadvantages caused by the coronavirus. In the following we will give you a brief summary of actual reported tax actions to provide you with an overview of the current tax situation.

However, there are daily updates, so we will provide you with first insides. These information are given by our foreign colleagues of Rödl & Partner in the respective countries who are members of our Rödl & Partner International VAT Group and International Tax Law Group. Please feel free to contact us for more and updated information. We would be pleased to assist you and give further advice.

#### AUSTRIA

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The Austrian tax authorities grant guarantees and payment postponing for taxes and contributions. Moreover, there is a reduction of corporate income tax advance payments. In addition there is a special support scheme for all companies, e.g. actions taken with regard to short-time work with up to 90% reduction. Moreover, the announcement that the Austrian government will pay all social security contributions from the beginning of the month will be expected soon.

#### BELGIUM

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Any natural person and legal entity whose are in possession of a company number and can prove that they are actually affected by the spread of coronavirus can benefit from the announced support measures concerning coronavirus (e.g. drop in sales, significant drop in orders and/or

reservations, infestation by a "chain reaction" with partner companies, etc.).

In addition, there will be a 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. Extended 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. In addition, there will be a two-month automatic deferral for the payment of VAT and withholding tax (without any fines or interest being charged) granted. For the payment of personal and corporate income tax, tax for non-residents and tax for legal entities, an additional period of 2 months is automatically granted in addition to the normal payment period (without charging interest on late payment). This measure applies to the settlement of these taxes, assessment year 2019, established from 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.

#### BULGARIA

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Up to now no measures.

#### CZECH REPUBLIC

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At present, there are no measures that would waive or reduce taxes in connection with the spread of the coronavirus or generally postpone the deadlines for filing tax returns or paying tax obligations. The government of the Czech Republic has adopted a relief package that allows for general or individual remission of certain sanctions and charges in the area of taxes (mainly corporate income tax, income tax or VAT), and only for a specified period of time. These measures taken only apply to a special group of taxpayers, so it is always necessary to check individually whether the conditions for a remission are met or not.

## CYPRUS

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The VAT rates in Cyprus are reduced from 19 to 17 per cent for 2 months and from 9 to 7 per cent regarding the reduced rate for 3.5 months upon approval of the legislation. Moreover there is a postponement of the obligation of companies to submit VAT payments and for the submission of the income tax declaration for the year 2018 at least for two months. In addition there is a special support scheme for all companies that will suspend their operation or will continue to operate and see a decrease in turnover of over 25 per cent. Employees will receive unemployment benefits for as long as the company is not operating.

## ESTONIA

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The Estonian Tax and Customs Board decided to suspend the calculation of interest on corporate tax debts during the cessation of the current emergency situation caused by the global spread of the corona virus. Interest relief is applied retroactively from 1 March 2020 to 1 May 2020 in Estonia, but the businesses have to continue the filing of tax returns timely and are obligated to correct tax returns. Companies which have difficulties at the moment have to reschedule the payment of tax arrears in the e-environment of the Tax and Customs Board.

## FINLAND

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In Finland, an extension to the tax return's filing deadline or a relief for late-filing penalties are possible. A justified reason for the request is needed (the coronavirus is a justified reason). The request should be made to the tax administration preferably before the original filing date, or immediately thereafter. With regards of VAT, extensions for filing deadlines cannot be granted, but you can apply relief for late-filing penalties. The tax administration has also declared its' readiness to agree on payment schedules for taxes due, also requiring timely reaction of the tax payer.

## FRANCE

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The French Government has taken emergency measures to help enterprises face the consequences of current coronavirus crisis. This emergency plan includes a deferral, without penalty, of social security contributions and direct taxes (corporate income tax installment, wage tax) payments that were due in March 2020. A specific form is already available to request the deferral of direct taxes. Indirect taxes, such as VAT,

are not covered by this measure. In the most serious cases, the tax authorities may also grant pure direct tax alleviation, following an individual examination of the situation of the claimant.

Microenterprises with a turnover below EUR 1 million and which were directed affected by the outbreak may receive an immediate subsidy of EUR 1,500.00 in March.

The French government will guarantee up to EUR 300 billion of new bank loans to ease the treasury of enterprises affected by the crisis.

## HUNGARY

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Taxi drivers in Hungary which are subjects to a specific tax for small businesses are not obligated to pay this tax for March 2020 to June 2020. Moreover, there are actions like a deferral of back payments of credits and interests until the end of 2020 for companies and every private person or the cancellation of payments of the tourism development contributions from March 2020 to June 2020. In addition there are measures regarding the extension of loan payments in Hungary.

## ITALY

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In Italy many tax measures are already implemented which concern for example extension of tax payment deadlines, deadlines for filing tax returns, withholding tax waiver, stop of tax audit, assessment and collection activities, tax credit for the rental of shops, sanitation, financial support for micro, small and medium-sized enterprises, COVID-19 donations etc.

For all taxpayers a deferral of the deadlines to 20 March for tax payments originally scheduled for 16 March concerning VAT, withholding tax on social security and welfare contributions and compulsory insurance premiums is confirmed. Tax compliance fulfillments expiring between 8 March 2020 and 31 May 2020, such as Intrastat models, "Esterometro", VAT return, are also suspended. The deadline to submit the "Certificazione Unica" (Single Certification) remains set at 31 March 2020.

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 2.000.000 has been granted until 30 of March. Furthermore, other tax deferrals have been granted without the turnover limit 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 epidemic. For those performing a business or a professional activity who have their fiscal domicile, registered office or operational headquarters in the provinces of Bergamo, Cremona, Lodi and Piacenza, VAT 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 the month of March is waived for professionals, with revenues or fees earned in the previous tax year not exceeding EUR 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 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 deferred, 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 activities of liquidation, control, assessment, collection and litigation carried out by the Agenzia delle Entrate's Tax Offices are suspended until 31 May 2020. 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 are granted to those who carry out business activities, to be used exclusively as compensation, to the extent of 60 per cent of the amount of the rent for the month of March 2020 relating to buildings in cadastral category C/1.

## LATVIA

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The regulatory enactments of the Republic of Latvia had already stipulated that in response to a taxpayer's written reasoned application the tax

administration has the right to divide into time periods or to defer the payment of outstanding taxes for a time period of up to one year if a non-payment was caused as a result of force majeure circumstances. The government is currently working on further tools in order to mitigate the impact of the coronavirus-pandemic. Options are planned to defer tax payments up to 3 years without late payment interests, to introduce an extended deadline for the submission of annual reports, to assure the refund of VAT overpayments within 30 days and to abolish the PIT advanced payments in 2020.

## LITHUANIA

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The deadline for advance CIT payment has been extended to March 30th instead of March 16th in Lithuania. The tax authorities have announced the delay of the tax execution procedures, payment of fines and late payment due to interest. Businesses have the possibility to conclude a tax loan agreement with the tax authorities and make the tax payments according to the agreed schedule (without late payment interests). The deadline of the individual personal income tax reporting and payment for the year 2019 has been postponed to 1 July 2020 (instead of 1 May 2020).

## NETHERLANDS

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In order for entrepreneurs to cope with liquidity problems, there is the option of requesting a special deferral of tax payment. Upon request, the Tax and Customs Administration will automatically grant 3 months deferment of payments and will stop the recovery measures (i.e. no penalties for not paying timely will be imposed). Should the deferment of 3 months not be sufficient, it is possible to request for an extension for a longer period. In this case the authorities could request for more information. The postponement pertains to income tax, corporate tax, VAT and wage tax. The tax and customs administration will omit or reverse a default penalty for the failure to pay turnover tax and payroll tax (on time). A third expert must prove that the requesting entrepreneurs have existing payment problems which are temporary and caused by the corona virus and that the company is viable. The recovery interest due to the non payment of the assessment within the application payment term, is reduced from 4 per cent to 0,01 per cent from 23 March 2020 onwards. For the income tax due, a change in the provisional assessment can be applied for.

## PORTUGAL

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The government decided a postponement of the first special payment on account of the Corporate Income Tax (CIT) from 31 March 2020 to 30 June 2020. Moreover an extension of the deadline for the submission of the “Model 22 declaration”, and payment of the CIT due, from 31 May 2020 to 31 July 2020 and an extension of the first payment on account and of the additional payment on account (“State Surcharge”) from 31 July 2020 to 31 August 2020. Situations of infections or prophylactic isolations (quarantine) declared or determined by a health authority are considered as sufficient conditions for the application of the figure of fair impediment in the fulfilment of tax reporting obligations, in relation to taxpayers or certified accountants. Regarding VAT and withholding taxes for the second quarter of 2020, the government has decided to make tax payments more flexible for companies and self-employed workers, e.g. over a payment in three monthly instalments without an interest risk, or over six monthly instalments with an interest risk for late payments in the last three months (no need for providing guarantees for the instalment payments). These measures are intended for VAT payments under the monthly and quarterly regimes, and for bank transfers to the state due to the withholding of personal and corporate income tax under certain circumstances.

## ROMANIA

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In Romania a series of press releases, legislative decisions and measures by the government has been announced to prevent the negative implications in relation with the global spread of the coronavirus which affect the entire economy in Romania. One of these measures is the postponement of the payment deadlines of certain fiscal obligations for the taxpayers.

## RUSSIA

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Russia is supporting the tourism and air transport industry by postponing the payment deadlines for taxes. An extension to other industries is being considered. The Russian federal tax service is currently discussing measures for the protection of employees. A deferral of external audits, seizures, site visits and interviews where tax inspectors come into personal contact with the taxpayers is discussed. Moreover, the reduction of external audits to a minimum. They should only be carried out when critically necessary. Also there is a postponement of the deadline for submitting the personal income tax returns.

## SLOVAKIA

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The only measure in the tax field that has been officially published in Slovakia is the automatic extension of the deadline for submitting income tax returns for natural persons who are not entrepreneurs. It concerns the persons who are not obliged to submit the documents electronically. The normal deadline would be 31 March 2020 (extension would normally be possible on the basis of a notification). This statutory deadline is now automatically postponed until 31 May 2020 for these persons, and tax is due at the same time. In addition, on 18 March 2020 another measure was approved by the government. A regulation should be published in the next few days. According to the regulation, a late submission of the corporate or income tax return will not be sanctioned, provided that the taxpayer submits the return by 30 June 2020 at the latest (statutory deadline: 31 March 2020). Moreover, a late payment of the tax (due within the submission deadline) has no penalty with interests as a consequence, provided that the tax is paid by 30 June 2020 at the latest. Taxpayers who submit their returns in due form also have the option of paying the tax later (by 30 June 2020 at the latest).

## SERBIA

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The Serbian tax authority did not take any measures yet, but it is expected that they will minimize penalties regarding tax payments and miscalculations.

## SPAIN

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The Spanish tax offices will be temporarily closed for personal appointments. Deadlines for tax procedures have been suspended and are extended until (i) 30 April 2020 (deadlines which would have not expired on 18 April 2020) or (ii) 20 May 2020 (deadlines which are notified from 18 April 2020). This extension is not applicable to the obligation to file tax returns which remains unchanged. For tax debts under EUR 30,000.00, 6-months-deferrals will be granted upon request without granting any guaranties. This measure will be applicable to SMEs and self-employed workers (SME = turnover of less than EUR 6,010,121.04 in the previous year). No delay interest will accrue during the first three months.

## SWEDEN

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The government is proposing an opportunity for a temporary deferral due to tax payments, which is proposed to enter into force on 7 April 2020. This

deferral option concerns the payments of employer contributions, deducted tax and VAT, which are reported monthly or quarterly. The opportunity is valid for three months for each incurred tax during January 2020 and September 2020, and the deferral period may be set for a maximum of one year.

## SWITZERLAND

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Certain cantons have extended the filing deadlines for personal income tax returns (e.g. the canton of Zurich from 31 March 2020 to 31 May 2020). In addition, an extension of payment terms is granted for certain provisional and final tax bills. The government informed the tax authorities to treat respective requests pragmatically, generously and with a high priority.

Moreover, Switzerland has taken actions regarding Home office regulations for cross-border commuters with the effect on the social security subordination.

## UNITED KINGDOM

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Individuals and businesses who may not be able to pay their tax liabilities as a result of Covid-19 should contact the tax authority as soon as possible, any arrangements with the HMRC will be agreed on a case-by-case basis. The arrangements include the time to pay arrangements, the suspension of debt collection proceedings and the cancelling of penalties and interest when there are administrative difficulties contacting or paying the HMRC immediately. The Government is still discussing other reliefs.

## CONTACT FOR FURTHER INFORMATION

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