

# Covid-19 Pandemic: Emergency & Tax measures 2020

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# Covid-19 Pandemic: Emergency & Tax measures 2020

Belgium  
By André Bailleux



## 1. Introduction : Health Measures and Economic Effects in Belgium

- ✓ The Coronavirus crisis forced the Belgian governments to help taxpayers and businesses under strain.

## 2. Main Tax Measures

- ✓ Individuals and companies that justify financial hardship following the Coronavirus outbreak may benefit from the following support measures for their tax liabilities:
  - ✓ Get a debt settlement plan;
  - ✓ Suspension of late payment interests
  - ✓ And/or remission of penalties for non-payment
- ✓ **Deferral of deadlines**
  - ✓ The companies and individuals who have to submit their tax return were granted a new time limit as at 30/04/2020. For corporations, legal entities and non-resident companies whose annual accounts were closed during the period from 1st October 2019, it is reminded that the deadline is now 7 months after the balance sheet date. Nevertheless, for companies that close their annual accounts during the period between the 31/12/2019 and the 31/1/2020, an extension is granted until 24/9/2020
- ✓ Deferral of VAT form and Intra-Community statement as follows:
  - ✓ Feb 2020 return deferred until May 30, 2020
  - ✓ March 2020 return deferred until June 20, 2020
  - ✓ First quarter 2020 deferred until June 20, 2020
  - ✓ April 2020 deferred until July 20, 2020
- ✓ Deferral of filling of the Annual client list until 30 April 2020 or at the latest at the end of the 4th month that follows the end of the activities
- ✓ Two month's deferral of payment of VAT, personal Income Tax, Corporate Income Tax, etc. with no penalties or late payment interests for all taxes notified as from 12/03/2020.
- ✓ Deferral of PAYE payments (précompte professionnel/bedrijfsvoorheffing) as follows:

✓ Feb 2020 return	deferred until May 13, 2020
✓ March 2020 return	deferred until June 15, 2020
✓ First quarter 2020	deferred until June 15, 2020
✓ April 2020 return	deferred until July 15, 2020

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- ✓ Temporary reduction to 6 % of the VAT rate for hotels, restaurants and cafés (except alcoholic beverages)
- ✓ Carry back of losses on previous year's profits
- ✓ Tax free 'reconstruction reserve' intended to reconstitute the capital of corporations will be allowed from 2021 to 2023 to a maximum of the 2020 loss
- ✓ Employers may pay a non-taxable allowance of 126,94 € each month to home-working employees
- ✓ Special scheme for frontier workers (Germany, Holland, G-D Luxemburg and France): presence at home as from 14 March 2020 will not be counted in the computing of the 24 or 30 days time limit laid down in the Agreements with these countries
- ✓ For taxpayers and companies concerned by the 'interim payments' of income tax and corporation tax (versements anticipés/voorafbetalingen), the surcharge for absent or insufficient payment will be reduced by revalorizing the 3rd and 4th 2020 quarters' payments
- ✓ Registration tax : 4 month's deferral for presentation of acts with deadlines between 16 March and 30 June
- ✓ Tax shelter 'performing arts': six month's extension of the 24 month's period during which the qualifying expenses must be incurred ; Same extension for the audiovisual Tax shelter

### 3. Other measures

- ✓ Self-employed persons who had to close their business are eligible to a financial allowance of 1.614,10 € (with children) or 1.291,69 (without children) for each month of March and April 2020. Request to be submitted to the Social Security office.
- ✓ Deferral until 31 October 2020 of the payment of the so-called 2020 social contribution due by the corporations.
- ✓ For businesses with less than 50 employees:
  - ✓ with a place of business in the territory of the Brussels-Capital Region : allowance of 4.000 € under certain conditions : request to be submitted before June 1st 2020; allowance of 2.000 € in other cases (including the cultural sector)
  - ✓ with a place of business in the Walloon Region : allowance of 5.000 € under certain conditions : request to be submitted within 60 days from the date of shut down; allowance of 2.500 € in some other cases

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- ✓ In the Flemish Region,
  - ✓ All self employed persons or businesses bound to close are eligible to an allowance of 4.000 € per seat of business (max. 5) + 160 € per day of closing beyond April 6th 2020.
  - ✓ All businesses that remain open but with a loss of turnover of 60 % are eligible to a unique allowance of 3.000 €.
  - ✓ Request to be submitted on the website of VLAIO.
- ✓ **Self-employed social security contributions** : one year deferral for 1st and 2nd quarters' contributions. Justified request to be submitted by June 15th at the latest, by using a special form. In any case, no surcharge for late payment of contributions for first and second quarter of 2020 if payment made for 30 September 2020 at the latest.
- ✓ **Employees' social security**: contributions payable for the period from March 20, 2020:
  - ✓ Automatic deferral until 15/12/2020 for businesses that had to shut down
  - ✓ Deferral after a Declaration of Honour for businesses that closed voluntarily.

# Covid-19 Pandemic: Emergency & Tax measures 2020

## Czech Republic By Bohdana Pražská



### 1. Introduction - Health Measures and Economic Effects in Czech Republic

- ✓ According to a statement issued by Government institutions, the coronavirus situation is under control and the future expected development is rather optimistic. The number of infected patients (as confirmed by a positive test) and still ill is 2,797. The total number of deaths so far is 343.
- ✓ Some of the undertaken comprehensive measures have been cancelled (e.g. free movement of people) or reduced (e.g. wearing face masks only in means of public transportation and indoor places). Moreover, the Czech Ministry of Health introduced a "Traffic light map" containing countries for travelling to/from the Czech Republic without the obligation to test on Covid -19 or stay in quarantine.

### 2. Tax and Insurance

#### ✓ Tax measures

- ✓ Submission of corporate and personal income tax returns for 2019 is postponed until 18 August 2020 (this applies to all taxpayers except for taxpayers whose respective tax office is the Specialized Tax Office)
  - ✓ Waiving penalties for late submission of tax returns until 18 August 2020 at the latest
  - ✓ Waiving late payment interest on the late payment of tax arrears until 18 August at the latest
- ✓ Payment of a deposit on corporate and personal income tax payable before 15 June 2020 had been waived
  - ✓ Deposits had been waived automatically (however, waiving the deposit does not mean the tax itself will be waived) – this concerns the second deposit for quarterly payers and the first deposit for half-yearly payers). This does not apply to payers with a tax period other than a calendar year (such payers have to apply for such a waiver).
- ✓ Postponement of the submission of real estate transfer tax returns in cases where the deadline for submitting the tax return falls between 31 March 2020 and 31 July 2020 – the new deadline is 31 December 2020.
  - ✓ Waiving penalties for late submission of tax returns until 31 December 2020 at the latest
  - ✓ Waiving late payment interest on late payment of tax arrears until 31 December at the latest
- ✓ Postponement of due dates for deposits of road tax payable before 15 April 2020 and 15 July 2020 until 15 October 2020.
  - ✓ Waiving late payment interest on late payment of tax arrears until 15 October 2020 at the latest

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## Czech Republic By Bohdana Pražská

- ✓ Suspension of the mandatory electronic registration of sales until the end of the 2020
  - ✓ No payers are obliged to register their sales, and no obligation will be inspected.
- ✓ Introduction of the concept of using past tax losses (i.e. "loss carry-back"). This measure will be introduced via an amendment to the Income Tax Act.
  - ✓ 2020 tax loss can be set off against the 2018 and 2019 tax bases. The loss carry-back will be limited to CZK 30 million. To apply for the tax loss carry-back, the taxpayer will have to file an additional tax return for the relevant previous period.
- ✓ Deadlines for submitting VAT reports and the deadline for paying the tax does not change. Nevertheless, here too, certain measures have been introduced:
  - ✓ A flat waiver of penalties for not submitting the control report amounting to CZK 1,000 if the duty to pay the penalty arises between 1 March 2020 and 31 July 2020.
- ✓ **Insurance**
  - ✓ Self-employed persons do not have to pay deposits on social security payments for the period March-August 2020
    - ✓ If a deposit on the social security payment for a part of the calendar month of the given period has been paid, it will be used for covering the payables and deposits on social security for the following calendar months of 2020
    - ✓ Social security contributions for self-employed persons for the period March-August 2020 have been reduced for those months in which the activity was carried out at least partially (annual insurance is reduced by the amounts of the minimum deposits – i.e. by CZK 2,544 if the self-employed person carries out the activity as their main activity and by CZK 1,018 if the self-employed person carries out the activity as a subsidiary activity.
    - ✓ The only contribution is still health insurance, if the self-employed person pays it voluntarily.
    - ✓ The deadline for submitting the 2019 social insurance summary is postponed until 3 August 2020.
  - ✓ Self-employed persons are not obliged to pay deposits on health insurance for the period March-August 2020
    - ✓ Health insurance for self-employed persons for the period March-August 2020 will be reduced (annual insurance will be reduced by the amounts of the minimum deposits – i.e. by CZK 2,352)
    - ✓ The deadline for submitting the 2019 health insurance summary is postponed until 3 August 2020.

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### ✓ Economic support of employees, self-employed persons and companies

To help overcome the difficult financial situation, the government has suggested and will gradually implement the following measures to support companies, self-employed persons and employees.

- ✓ Project Antivirus – a subsidy to employers of up to 60% and 80% of paid remuneration, including contributions, depending on the nature of the obstacle
  - ✓ Employers will receive a subsidy amounting to full or partial compensation of the remuneration that will belong to employees who are unable to work because of an obstacle on the employee's side (quarantine order) or on the employer's side (the closure of the premises by Government directive), if it can be proved that the barrier to employment arose as a result of the COVID-19 infection.
    - ✓ Obstacle: forced closure of premises and quarantine – a subsidy to employers in the amount of 80% of remuneration paid (including contributions) – up to CZK 39,000.
    - ✓ Obstacle: associated economic difficulties – subsidy to employers in the amount of 60% of remuneration paid (including contributions) – up to CZK 29,000.
  - ✓ Project Antivirus C - The Chamber of Deputies of the Czech Republic approved the new regime of the Antivirus program (Antivirus C) which consists in the waiver of social security contributions. It will apply to companies with up to 50 employees.
- ✓ COVID Loan I (suspended from 20 March 2020) – currently, submitted applications are being reviewed
  - ✓ The Czech-Moravian Guarantee and Development Bank ("Českomoravská záruční a rozvojová banka" – the CMGDB) has offered advantageous loans in the amount of between CZK 500,000 and 15,000,000, with zero interest rate, to small and middle-sized entrepreneurs
- ✓ COVID Loan II (currently receiving applications, as of 2 April 2020)
  - ✓ The CMGDB is providing guarantees for loans granted by commercial banks and is contributing to interest payments. Within this scheme, the CMGDB will provide guarantees on loans of up to CZK 15,000,000. Such a guarantee will cover up to 80% of the commercial loan, and the applicant can draw a financial contribution amounting to up to CZK 1,000,000 for covering interest payments (depending on the size of the loan in question).
- ✓ COVID Loan Praha
  - ✓ .The loan is intended for financing of projects of small and medium-sized enterprises that are located in t the capital city of Prague
- ✓ COVID Loan III (agreed by Government on 18 May 2020)
  - ✓ Entrepreneurs do not apply for a loan guarantee at the CMGDB but directly at a commercial bank involved in the programme. Commercial banks should check the fulfilment of the conditions of the programme and provide loans for which the CMGDB will provide a guarantee. The purpose of the loan is the same as in the previous programmes, namely, to cover operating expenses.

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- ✓ Bank guarantees within the Export Guarantee and Insurance Corporation (the EGAP)
  - ✓ The Government also intends to support big companies in the form of guarantees for loans provided by the EGAP. The total amount of loans could be as much as CZK 800 billion.
- ✓ Postponement of rent payments for entrepreneurs
  - ✓ The Government has approved a proposal whereby companies that have had to shut their operations because of the Covid-19 measures may postpone rent payments for the period from 12 March 2020 until 30 June 2020
  - ✓ The Government bill must be approved by Parliament.
- ✓ A moratorium on loan and mortgage payments – repayments of loans and mortgages concluded before 26 March 2020 will be suspended for up to six months
  - ✓ Repayments will be suspended after debtors report their intention to their creditors, citing as a reason the negative economic effect of the coronavirus pandemic. Such reasons do not have to be proved.  
  
The Government bill must be approved by Parliament.
- ✓ Carers' allowance for employees
  - ✓ Under the relevant legislation (already signed by the President), employees will receive a carers' allowance for the entire period during which schools are closed (not only for nine days); this measure applies to parents with children under 13 years. Parents may take turns in caring for their children during the entire period.
- ✓ Carers' allowance for self-employed persons from 1 April 2020
  - ✓ The carers' allowance amounts to CZK 424 per day; entitled persons are parents of children under 13 years of age (a lower age limit is not given) for the whole period during which schools and pre-school institutions are closed
- ✓ Direct support to self-employed persons in the form of a compensation bonus of up to CZK 25,000. The relevant bill was debated by Parliament.
  - ✓ Self-employed persons entitled to such support will be those that cannot perform their business activities because of Government directives



# Covid-19 Pandemic: Emergency & Tax measures 2020

France  
By Marylène  
Bonny-Grandil



## 1. Health Measures and Economic Effects in France

- The French population is no longer confined since May 11, 2020.
- Since that date, the government has gradually allowed people to return to work, however, many companies continue to telework. Since 20 July, the wearing of masks has been compulsory in confined spaces open to the public.
- It is possible to travel abroad, subject to checking the restrictions in the country of destination.

## 2. Fiscal emergency measures

- **For all companies:**
  - ✓ Postponement of deadlines for filing tax returns and other declarations from May to June 30 ( CIT returns, CVAE i.e business tax , professionals tax returns)
  - ✓ Deferral of the payment of the CIT balance, business tax balance
  - ✓ Possibility for companies to ask the corporate tax office to defer without penalty the payment of their next direct tax instalments (advanced payment of corporation tax)
  - ✓ Suspension of payment of the corporate property tax (CFE) or property tax for companies on a monthly payment contract
  - ✓ Modulation or deferral of the withholding tax for self-employed workers
  - ✓ Possibility to benefit from a fast-track refund procedure for corporate tax credits refundable in 2020
  - ✓ Possibility to benefit from a fast-track refund procedure for VAT credits
  - ✓ Obligation for large companies (more than 5000 employees or over 1,5billions turnover) benefiting from cash support measures to commit between March 27 to December 31, 2020 to :
    - ✓ not pay dividends in 2020 to their shareholders in France or abroad
    - ✓ not carry out share buybacks in 2020

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- **For distressed companies**
  - ✓ Possibility to seize the Department's Commission des Chefs de Services Financiers (CCSF) in order to obtain deadlines for the payment of tax and social security debts
    - ✓ the debtor must be up to date with his tax and social security obligations and payments and he must not have been convicted of undeclared work
    - ✓ Possibility to request for the deferral or rebate of direct taxes
    - ✓ Possibility to request a settlement plan from the public accountant in order to defer or spread out the payment of tax debts or a tax rebate in the most difficult situations (significant drop in turnover)
- **Extension of exceptional measures in the most affected sectors (tourism, catering, culture)**
  - ✓ Possibility to benefit from the Solidarity Fund (aid between €5,000 and €10,000) until 31 December 2020 subject to eligibility:
    - ✓ Companies with up to 20 employees
    - ✓ Realizing a turnover of up to 2 million euros
    - ✓ Possibility of benefiting from payment deadlines for social charges
- **For individuals**
  - ✓ Postponement of the tax filing deadlines for income tax returns
  - ✓ Possibility to modulate the monthly withholding tax rate in case of a drop in income

# Covid-19 Pandemic: Emergency & Tax measures 2020

France  
By Marylène  
Bonny-Grandil

## 3. Other measures

- **Possibility of deferring social taxes payment deadlines (URSSAF)**

- ✓ For companies with fewer than 5,000 employees: possibility of deferring social security charges provided that the request is justified.
- ✓ For companies with more than 500 employees: possibility of deferring social security charges on request provided that 3 conditions are met:
  - ✓ non-payment of dividends or no repurchase of shares between 27 March and 31 December 2020
  - ✓ the undertaking must not have its registered office or subsidiaries in an uncooperative state or territory (NCCT)
  - ✓ automatic deferral for self-employed persons

- **Partial unemployment**

- ✓ State coverage of this compensation is reduced from 100% to 85% - except for the most affected sectors where the State will continue to pay 100%)
- ✓ This will not affect the employee who will still receive 84% of his net salary (70% of the gross salary).

- **Creation of a solidarity fund financed by the regions**

- ✓ This financial assistance has two components:
  - ✓ part 1: aid of €1,500 for the months of March to May 2020 depending on the loss of turnover
  - ✓ part 2: additional aid between €2,000 and €5,000 (€10,000 for priority sectors of activity) under certain conditions (assets not available to settle debts)

- **Treasury loans guaranteed by the State**

The Government is implementing an exceptional system of guarantees to support bank lending to companies. Until 31 December 2020, companies of all sizes and legal forms will be able to apply to their usual bank for a State-guaranteed loan to support their cash flow.

The loan may amount to 3 months of the 2019 turnover, no repayment of capital will be required in the first year. The guarantee will be up to 90% for companies of less than 5000 employees and less than 1,5 billions turnover and up to 70% to 80% for companies over these thresholds.

# Covid-19 Pandemic: Emergency & Tax measures 2020

## Hungary By Pal Jalsovsky



### 1. Introduction - Health Measures and Economic Effects in Hungary

- ✓ The Hungarian government terminated the previously declared national emergency on 18 June 2020. From 18 June 2020 the national medical protection strategy has entered into a new phase. The and the government declared the status of epidemiological preparedness which shall be revised every three months.
- ✓ By terminating the status of national emergency the government decrees passed during such period also lost their effect. However, based on the decision by the national parliament certain provisions of such government's decrees are implemented in a new act and will remain effective on a temporary basis. Accordingly, regulatory measures, actions and restrictions still have an impact on commercial contracts and relations.
- ✓ As of 24 June 2020, Hungary has 4114 confirmed cases of the COVID-19 virus, with 576 deaths. Due to the termination of the national emergency the life cautiously started to return back to normal in compliance with certain health standards. The borders of Hungary are open.
- ✓ The national currency (HUF) depreciated sharply in March, but slowly began to strengthen again since early April.

### 2. Fiscal emergency measures

- ✓ Some of the fiscal and tax measures taken by the Hungarian government continue being in force in the form of new acts with temporary nature. . We briefly highlight the most important measures below.

#### • For companies and individuals

- ✓ **Moratorium on loan repayments.** A payment moratorium applies until 31 December 2020 on all contractual loan and financial lease agreements concluded by financial institutions before 18 March 2020. Interest continues to accrue during this period.
- ✓ **Reduction of central bank base rate.** After 4 years on 23 June 2020 the Monetary Council of the Hungarian Central Bank reduced the central bank base rate from 0.9 to 0.75 percent.
- ✓ **Court hearings and restriction of execution procedures.** The judicial system is operating normally now, however the court is entitled to hold a trial by way of video conferences anytime.
- ✓ **Restrictions on foreign investments into Hungarian companies.** Until 31 December 2020 any acquisition, exceeding the value of approx. EUR 1 Million (that is HUF 350 Million), by an investor domiciled outside or in the EU, the EEA or Switzerland, intending to acquire a majority shareholding in any limited liability company or company limited by shares involved in a "strategically important" business sector, to be reported to the minister responsible for domestic economy in advance. for the purpose of acknowledgement and approval of such transaction. Threshold for purely "foreign" (i.e. non-EU or non-EU majority owned) investor is at least 10% shareholding in the target company.

# Covid-19 Pandemic: Emergency & Tax measures 2020

## Hungary By Pal Jalsovsky

- **For companies**
  - ✓ **New rules on corporate governance.** Until the end of this year the companies' members' meetings and board meeting are enabled to be held via proper electronic means of communications or decisions can be resolved without holding a meeting, in writing – even if the articles of the respective company does not detail these ways of decision making.
  - ✓ **Termination ban on lease agreements.** In designated sectors (e.g. tourism, catering, entertainment, event management) the rental fee for non-residential premises cannot be increased and the lease agreement cannot be unilaterally terminated by the lessor until June 30, 2020.
  - ✓ **Emergency state funds and emergency taxes.** Multiple emergency funds have been established by the government in order to aid the financing of various measures taken against the spread of COVID-19. The two main sources of the funds are relocations from other governmental funds and temporarily levied emergency taxes. The most important of these emergency taxes will have to be paid by financial institutions and retail companies with revenues in excess of EUR 1,4 million.
  - ✓ **Allocation of employees' working time.** Employers are legally allowed to disregard the normally applicable requirement of providing 96 hours of notice when implementing working time allocation. In addition employers can unilaterally impose and extend the term of the allocated cumulative working hours for 24 months. These mean a wide flexibility in human resource management and the provisions are effective until 1 July 2020.
  - ✓ **Sector-specific tax exemptions.** Employers operating in designated sectors (e.g. tourism, catering, event management, arts and sports etc.) are exempted from the payment of social contribution tax and social security contributions. Furthermore, entrepreneurs in designated sectors opted-in to the Fixed-rate Tax of Small Taxpayer Enterprises are exempt from paying these fixed-rate taxes. These exemptions applies for March, April, May and June of 2020.
  - ✓ **Deferrals.** The deadline for preparation, deposit, publication and submission of annual reports is generally extended to 30 September 2020. Further, the deadlines to pay corporate income tax, "Robin Hood" tax, local business tax, innovation contribution and small business tax are also extended to 30 September 2020.
- **For individuals**
  - ✓ **Consumer credit interest rates.** As of March 19, 2020, the maximum interest rate of consumer credits, which is not secured by any mortgage, cannot exceed the base rate of the Hungarian National Bank by more than 5% (0.75% as of 24 June 2020).
  - ✓ **State aid for short-time working employment during state of emergency.** If the employer and employee undertake to agree, for at least the duration of the state aid on reduced working hours and the employer fulfils certain criteria, the state supports the employer by paying 70% of the wage lost due to reduced worktime. The maximum amount of this aid is capped in approx. EUR 320. The state aid can be paid until 31 December 2020 but the final deadline for submitting the application is 31 August 2020.

# Covid-19 Pandemic: Emergency & Tax measures 2020

## Luxembourg By Bernard Felten



### 1. Introduction - Health Measures and Economic Effects in Luxembourg

- ✓ Like neighboring countries, the Grand Duchy of Luxembourg has taken several emergency measures in order to attempt to slow the spread of the COVID-19 virus. Since 12 March, the government has moved to a strategy of reinforcing the protection of vulnerable populations. The general population has been asked to stay at home whenever possible and adopt barrier gestures such as avoiding physical greetings and washing their hands regularly. Since 18 March 2020, the Schengen area's borders were closed to third country nationals for a renewable period of one month.
- ✓ On the 15 April 2020, the Government Council fixed the guidelines for an exit strategy. It has been decided a "deconfinement strategy" in phases with the following tentative dates :
  - ✓ 20 April 2020 : reopening of construction sites and distribution of masks to the population
  - ✓ 11 May 2020 : resumption of secondary education
  - ✓ 25 May 2020 : resumption of fundamental education as well as reopening of childcare facilities
  - ✓ In later phases resumption of commercial activities.
  - ✓ Companies, businesses and administrations are encouraged to promote teleworking throughout the transition period out of confinement.
  - ✓ Gathering will remain prohibited until 31 July.

### 2. Emergency fiscal measures have also been adopted, both for companies and individuals :

- ✓ The Administration des Contributions Directes, in charge of income tax has issued a newsletter on 17 March 2020, private individuals and companies having suffered losses in their commercial profits due to the virus may request no to pay 2020 tax advances and may further request to delay payment of the 2019 income tax.
- ✓ Furthermore, the date to file the 2019 income tax declaration has been postponed from 31 March to 30 June 2020.
- ✓ The Administration de l'Enregistrement et des Domaines, in charge of VAT has issued a statement announcing that lateness in filing 2019 VAT declarations will not be sanctioned until notice otherwise. All VAT credit balances below EUR 10,000 will be reimbursed as soon as possible to address the liquidity needs of around 20,000 Luxembourg based companies.
- ✓ Companies whose financial year ended on 31 December 2019 may file their annual accounts with the Luxembourg Trade and Companies Register until 30 November 2020 instead of 30 June 2020.

# Covid-19 Pandemic: Emergency & Tax measures 2020

## Luxembourg By Bernard Felten

### 3. Other special measures taken by governments

- ✓ Given the gravity of the situation, the government has instigated a special, simplified short-work system, which can be treated in an accelerated manner by the government in order to assist companies which have had to close down because of the quarantine.
- ✓ The procedure to benefit from family personal days following the schools having closed down and the quarantine situation has been simplified and it is no longer an obligation for the child (under 13 years of age) to be hospitalized in order for the parent to request this measure (up to 18 days).
- ✓ Various immediate liquidity aids, facilitated access to bank financing, emergency indemnities for self-employed and companies are among others measures taken by the Luxembourg Government to support and stabilize the Luxembourg economy.

### 4. Additional measures were presented on 20 May 2020, among which :

- ✓ Guaranteed access to simplified structural short-time working for companies affected by the pandemic crisis, starting in July. Companies must submit a recovery plan or even a job maintenance plan, with redundancies under the structural short-time working system being allowed, but to be avoided as far as possible. It should be noted that companies will be able to take advantage of a simplified or even ultra-simplified digitized procedure. This will enable firms to reorganize in order to adapt better to the post-COVID-19 situation.
- ✓ A business recovery and solidarity fund will be set up for a period of 6 months starting on 1 July to offer businesses in the hotel and catering, events (including cultural events), tourism and fitness centers sectors a direct monthly aid of €1,250 per employee in post and €250 per employee on short-time working. This fund will be complementary to the simplified structural short-time working for these sectors with the dual aim of supporting the resumption of activities and encouraging job retention. To benefit from the aid, companies must decide to resume their activities and must have suffered a loss of at least 25% of turnover.
- ✓ In order to support the retail trade in shops open to the public (excluding food) and the personal care sector, which were able to resume their activities on 11 May, a new flat-rate aid will be granted over a period of three months at a rate of 1,000 euros per employee in June, 750 euros in July and 500 euros in August, up to a ceiling of 50,000 euros per month. This measure is limited to small and medium-sized businesses (less than 250 employees).
- ✓ A new support instrument of the Ministry of Economy aims at encouraging companies, through particularly favorable subsidy levels, to carry out investments, in particular relating to the digitization of their activities or to energy efficiency measures in order to increase their productivity and competitiveness in the long term."

# Covid-19 Pandemic: Emergency & Tax measures 2020

## Italy By Ambrogio Novelli



### 1. Introduction : Health Measures and Economic Effects in Italy

- ✓ **The current infectious state**
- ✓ As of today, following the April peak of 105.000 cases, the number of new Covid-19 infections has gradually decreased to the point of the latest low of 232 new cases on 12 July 2020.
- ✓ In response to this positive trend, the Italian Government has issued multiple decrees aiming at supporting the post-lockdown economic recovery of the country.
- ✓ Such measures have been enacted since the beginning of May, following the progressive lifting of lockdown measures which were fully terminated on 3 June 2020. Today, the country is open and social relations have fully resumed, although maintaining safety and social distancing measures.
- ✓ **Health and safety-related issues measures**
- ✓ The Government has made available more than €3.2 trillion for the strengthening of the national healthcare system, focusing in particular on hospital infrastructure, the healthcare network and contact tracings of suspect covid-19 cases. Moreover:
  - ✓ 3,500 beds in intensive care and 4,225 beds in semi-intensive care have been established;
  - ✓ Building on the lessons learned at the height of the lockdown, special Covid-19 hospitalisation pathways have been established to better isolate patients for the remaining health infrastructure, ensuring the reorganisation of Emergency Rooms with the identification of distinct areas of stay, awaiting and diagnosis;
  - ✓ From 2020 to 2024, the number of grants for specialized graduates in medical field will increase by almost 100 million euros.

### 2. Support for business and the economy

- ✓ Specific and urgent measures have been introduced to support businesses and other autonomous economic operators, including craftsmen, self-employed workers and professionals affected by the health emergency.
- ✓ Among these measures established, we find in particular:
  - ✓ A non-repayable grants for operators and self-employed persons in possession of a VAT registration number who had a turnover of less than € 5 million in the last tax period; such support is available if the amount of the turnover and fees of the month of April 2020 was less than two thirds of the amount of the turnover and fees for the month of April 2019; moreover, the amount of the contribution is determined as a percentage of the shortfall, and the contribution will not be calculated as taxable income;



# Covid-19 Pandemic: Emergency & Tax measures 2020

## Italy By Ambrogio Novelli

- ✓ Businesses under strain are exempted from paying the Regional tax on productive activities (IRAP) for 2019 and the first instalment, equal to 40 per cent, of the advance payment of the IRAP for 2020. Such measure is applicable to companies with revenues up to €250 million and to self-employed individuals with an income up to €250 million as well;
- ✓ Owners of properties classified as cadastral category D/2, (i.e. hotels and guest houses) are exempt from paying the first instalment of the Municipal Tax Proper instalment, which were due on 16 June 2020. Such measure is however applicable only insofar as the owners of these properties are also managers of the activities carried out on the premises. The same benefit is granted to beach resorts.

### 3. Fiscal measures

- ✓ Several fiscal measures have furthermore been introduced to support the resumption of post-lockdown economic activities:
  - ✓ The so-called "safeguard clauses," which provide for the automatic increase of VAT rates and excise duties on certain fuel products, have been abolished as from 1 January 2021;
  - ✓ A tax credit of 60% of the expenses incurred in 2020 for the safe reopening of businesses open to the public has been established, with the credit covering up to a maximum of €80,000 per beneficiary;
  - ✓ Assets instrumental to the containment and management of the epidemic will enjoy a significant VAT reduction: a reduction from 22% to 5% has in particular been applied to medical and personal protective equipment such as masks, ventilators, and other safety devices. The sale of these goods will moreover be fully VAT exempt up to 31 December 2020;
  - ✓ 110% tax deduction in relation to building energy-savings interventions and earthquake-proof upgrading adjustments, from 1 July 2020 until 31 December 2021.
  - ✓ The payment of taxes and contributions has once again been suspended until September 2020, following three further suspensions for March, April and May. The current suspension was extended from 30 June 2020 to 16 September 2020. Payments may be made as a lump sum or in instalments.

# Covid-19 Pandemic: Emergency & Tax measures 2020

**Spain**  
By José María  
Moyano Vital



## Spain: Report on measures taken related to the economic and social impact of COVID-19

- ✓ Tax measures decree 15/2020,
- ✓ **Prepayments Income Tax, April 22, 2020** according to decree 9/2020 and 15/2020, companies whose has net incomes of less 600.000 euros, they have deadline until May 20, for tax prepayment in basis method regulated in the income law tax.
- ✓ In case, some companies can not apply to this benefit at the deadline. They can choose this option for October, December prepayment 2020.
- ✓ Therefore, you have two positions:
  - ✓ 1. Until May 2020 does not pay the prepayment income tax, you can choose for option base of system, or
  - ✓ 2. Entities who are between 600 euros and 6 million euros of incomes and choose for bases system option for tax prepayment October and December 2020, they can discount they payment made.
- ✓ **Value Added Tax**, until July 31, 2020 for imports, deliveries, intra-community acquisitions of goods necessary to combat the effect of COVID-19 whose recipients are public government, clinics, hospitals, social entities. The tax rate is 0% and the support will be the invoice this the paragraph exempt operation.
- ✓ **Tax penalties of executive period**, in order to avoid the negative economic and social impact of COVID-19, the Tax Government consider that taxpayers who has tax debts and they can not pay in deadline, they will not in executive period with these penalties, if they do the following issues:
  - ✓ The tax debt has been requested in financing
  - ✓ Extend to the Tax government the financing certificated of the tax debt
  - ✓ The financing certificated of the tax debt should have approval, the amount of debt, and consider term of month of immediate execution in case of non-payment.
- ✓ If the taxpayer does not have those requirements, they can apply those benefits

# Covid-19 Pandemic: Emergency & Tax measures 2020

**USA**  
By Gregory M.  
McKenzie

## 1. Introduction : Health Measures and Economic Effects in USA

- ✓ The COVID-19 pandemic has had a significant impact on the U.S. health system and economy. As of June 30, 2020, the U.S. has approximately 2.6 million reported cases of the virus, with approximately 128,000 deaths. After a prolonged shutdown of the U.S. economy, most states have begun a phased reopening of businesses, although new outbreaks of the virus have caused some locations to reverse their reopenings. More than 45 million unemployment insurance claims have been filed since the start of the pandemic.

## 2. Fiscal, Tax and Monetary Measures

- ✓ In response to the pandemic, the United States has enacted a legislative package totaling more than \$2 trillion to ease the economic burden on individuals and businesses, including an initial \$8 billion for prevention, preparation and response, paid sick leave, unemployment benefits, loans for distressed businesses, forgivable bridge loans for small businesses and \$1,200 cash payments for qualifying individuals and \$500 for qualifying children. This comprehensive legislation, the CARES Act, was enacted into law on March 27, 2020 and implements many aspects of the legislative response to the pandemic, including the Paycheck Protection Program (PPP), which initially funded approximately \$350 billion in forgivable loans to businesses that maintain certain levels of pre-pandemic employment. The PPP was expanded on June 5, 2020 with additional funding for approximately \$310 billion in loans. Through June 22, 2020, approximately \$515 billion in loans have been funded through approximately 4.7 million loans.
- ✓ The CARES legislation includes several important tax benefits, including a 3-month extension from April 15 to July 15 for individuals to file and pay their federal income taxes, extensions for the payment of payroll taxes, corporate estimated tax payments and certain time-sensitive tax elections, elimination of penalties for early withdrawal of retirement funds, and liberalization of tax loss utilization (including carry back of losses to prior years to claim tax refunds) and business interest deductions.
- ✓ In addition, the U.S. Federal Reserve has lowered interest rates to 0% - 0.25% and has committed to purchase over \$6 billion in Treasury and mortgage securities to provide liquidity to the banking system. It has also made available \$2.3 trillion for additional loans to support households, businesses and state and local governments, among other measures.

# Covid-19 Pandemic: Emergency & Tax measures 2020

## USA

By Gregory M.  
McKenzie

### 3. Travel Restrictions

- ✓ The U.S. has imposed travel restrictions on both U.S. and non-U.S. persons, including a prohibition on most non-U.S. persons from traveling to the United States. As of June 30, 2020, it is unclear when these restrictions will be lifted.