

Current tax information for our clients

16 March 2020

Corona Disease: Tax measures to protect businesses and jobs

At the Federal Press Conference on 13 March 2020, Federal Finance Minister Scholz and Federal Economics Minister Altmaier presented a package of Measures to cushion the Economic Impact of the Coronavirus (COVID-19). The aim of the package of measures is to provide companies and businesses with sufficient liquidity to secure growth and employment.

In addition to facilitating access to short-time working hours allowance and low-interest loans (especially loans from the *KfW* (Kreditanstalt für Wiederaufbau)), the following **tax-based liquidity assistance** for companies is planned:

- As **fiscal liquidity support**, improved possibilities for deferring tax payments, reducing advance payments and in the area of enforcement are to be granted.
- **Deferments**: The granting of deferrals should be facilitated. The tax authorities can defer taxes if the collection would represent a considerable hardship.

The tax authorities are to be instructed not to make any strict demands. This will support the liquidity of the taxpayer by postponing the date of tax payment. A restriction to certain types of tax is not to be taken from the press release. According to the statements made at the press conference, the deferrals are to be made interest-free.

- **Advance payments**: It should be easier to adjust advance tax payments. As soon as it is clear that the income of the taxpayer in the current year will probably be lower, the tax prepayments are to be reduced quickly and easily. This will improve the liquidity situation. The press release also does not restrict advance payments to certain types of tax.
- **Enforcement measures**: Enforcement measures (e.g. attachment of bank accounts) or late payment surcharges should be waived until 31 December 2020 as long as the debtor of a tax payment due is directly affected by the effects of the corona virus.

- In the case of taxes administered by the **customs administration** (such as the energy tax and the air travel tax), the Directorate General of Customs was instructed to grant appropriate measures.
- The same applies to the **Federal Central Tax Office**, which is responsible for insurance tax and VAT.

Outlook

Further measures discussed in advance, such as bringing forward the partial abolition of the solidarity surcharge or improved depreciation possibilities, are not part of the package of measures. Nevertheless, the coalition committee decided on 8 March 2020 on further tax policy measures to strengthen the economy. These shall be increased depreciation possibilities for “digital assets”, an option for corporate income tax for partnerships, an increase in the reduction factor for the trade tax credit for individuals and the modification of the CFC-rules with an adjustment of the low tax rate.

The currently planned tax measures can be implemented through administrative procedures. A legislative procedure is not necessary in this respect. However, coordination with the *Länder* (Federal States) is necessary, which has already been initiated by the Federal Ministry of Finance.

Both the package of measures of 13 March 2020 and the coalition

decision of 8 March 2020 are available on the homepage of the Federal Ministry of Finance.

To make use of such measures, a corresponding application must be submitted to the responsible tax office.

Your direct contacts at KPMG AG Wirtschaftsprüfungsgesellschaft will be pleased to help you with any questions and to support you with tax-related measures.

Imprint

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