



VAT NEWSLETTER

## VAT measures being taken in Europe against effects of the Coronavirus (Update)

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**Austria:** The deadline for the submission of 2019 annual VAT returns has been extended to 31.8.2020. However, there has been no extension of the deadline for the submission of monthly VAT returns. On the other hand, no late filing penalties are to be assessed until 31.8.2020. For tax payments, there is the possibility of an interest-free deferral or payment by instalments of the duties until 30.9.2020. Late payment penalties will generally be cancelled upon request.

**Belgium:** Deadlines for the submission of VAT returns have been extended: for February to 6.4.2020, for March to 7.5.2020 and for the first quarter of 2020 also to 7.5.2020. Payment deadlines will automatically be deferred without penalty: for February to 20.5.2020, for March to 20.6.2020 and for the first quarter of 2020 also to 20.6.2020. On request (and with appropriate evidence that the applicant's business is affected by the coronavirus) a further deferral or payment by instalments may also be agreed. The deadline for submission of the Annual Sales List for 2019 has been extended to 30.4.2020.

**Cyprus:** The government has announced a temporary reduction in the VAT rate from 19% to 17% for the period 1.4.2020 to 31.5.2020, and in the reduced VAT rate from 9% to 7% for the period 1.4.2020 to 15.7.2020. The deadline for the submission of VAT returns for December 2019 to February 2020 is to be extended from 10.4.2020 to 30.4.2020, provided that turnover from 1.3.2019 to 29.2.2020 did not exceed EUR 1 million and provided that VAT is paid by 10.11.2020. In order to secure the liquidity of companies whose turnover did not exceed EUR 1 million in 2019 or whose turnover has now fallen by 25%, the obligation to pay VAT is temporarily suspended for two months.



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**Croatia:** Companies that still find themselves unable to settle their VAT payment obligations after 1.4.2020 have the option of applying for a three-month interest-free deferral. After this period, an additional and final deferral of three months may be requested. If it subsequently remains the case that the payment burden cannot be discharged, an interest-free instalment payment over a maximum of 24 months can be requested. However, this arrangement is only available to companies whose previous year's turnover did not exceed HRK 7.5 million (EUR 1.0 million) and who do not apply the cash accounting scheme. In addition, affected companies must prove that liquidity problems exist due to open invoices or other negative circumstances and that sales in the previous month are 20% lower than in the same month of the previous year or will fall by at least 20% year-on-year within the next three months.

**Czech Republic:** The government has decided on an aid package. However, in the area of VAT, only late payment penalties and late filing penalties can be waived.

**Denmark:** The due dates for payment of VAT have been extended:

- Monthly filings: for March until 25.5.2020, for April until 25.6.2020 and for May until 27.7.2020.
- Quarterly filings: for the first quarter 2020 until 1.9.2020.
- Semi-annual filings: for the first half of 2020 until 1.3.2021.

**Estonia:** In the period from 1.3.2020 to 1.5.2020, no late payment surcharges will be levied if taxes are paid late. A possible instalment payment over 18 months with a reduced interest rate is also under discussion.

**Finland:** Entrepreneurs who have fulfilled all declaration obligations and who are not subject to enforcement measures may agree with the tax authorities on instalment payments from 25.3.2020 until 31.8.2020. The first instalment is then due after three months. Deferral interest will be reduced from 7% to 4%. The deadlines for filing tax returns have been extended. However, this does not apply to VAT returns.

**France:** Tax payments can, on request, be made after the normal due date (provided such a request is supported by adequate evidence that the applicant's business has been affected by the coronavirus). However, according to the forms published for this purpose, only a deferral for direct taxes is currently possible. VAT is not yet covered by these measures.

**Greece:** The government has adopted measures for taxpayers directly affected by the coronavirus. The definition of which companies are considered "affected" is based on the category of business activity. For these companies, the due date for VAT payable between 11.3.2020 and 30.4.2020 has been extended to 31.8.2020. Interest and penalties should generally not be incurred during this period. The prerequisite for this is that the number of employees in the company is not reduced. However, deadlines for the filing of tax returns remain unchanged. In addition, the tax rate for products required for protection against the coronavirus (e.g. latex gloves, soap, disinfectants) will be reduced from 24% to 6%.

**Great Britain:** In accordance with HMRC guidance, all UK sales taxes due between 20.3.2020 and 30.6.2020 will be deferred until the end of the 2020/2021 tax year. No application is required for this.

**Ireland:** The government has announced some measures tailored to SMEs (less than EUR 3 million annual turnover). Enforcement measures are to be suspended for these companies until further notice. Additionally, interest for late payment of VAT for the period January/February (actually due on 23.3.2020) is to be waived. Further measures are expected for the period March/April. Larger companies have been asked to contact the tax authorities and agree payment plans if liquidity problems arise. However, tax returns must still be submitted on time.

**Italy:** Italian companies are not required to fulfil their tax compliance duties (other than tax payments) in the period from 8.3.2020 to 31.5.2020 and will not be penalized if they catch up by 30.6.2020. For companies with an annual turnover, which does not exceed EUR 2 million, as well as for companies in the particularly affected regions of Bergamo, Cremona, Lodi and Piacenza, the VAT due in the period from 8.3.2020 to 31.5.2020 is also deferred without interest. As things stand at present, however, this relief only applies to companies domiciled in Italy.

**Latvia:** An aid package has been adopted which allows companies in "affected" sectors to pay in instalments or to defer payment for up to three years without deferral interest. Tax refunds are also to be paid within 30 days (after offsetting against other tax liabilities). The definition of the "affected" economic sectors is still pending.

**Lithuania:** Affected companies can apply for a deferral agreement, which allows the due date to be postponed by up to one year. Enforcement measures should generally not be taken. Additionally, according to reports, no deferral interest should be charged.

**Luxembourg:** Until further notice, no penalties are to be imposed for the late submission of tax returns. Furthermore, all tax credits up to EUR 10,000 are to be paid out immediately.

**Malta:** The VAT due for March and April for companies in the hospitality and tourism business and in the manufacturing industry are to be deferred for an indefinite period of time without interest.

**Netherlands:** Companies should be able to obtain a deferral of VAT for three months. A written application must be submitted for this. However, this should, in general, always be granted. It should also be possible to extend this deferral, if necessary. Penalties are currently not assessed or will be cancelled. In addition, the interest rate is to be reduced from 4% to 0.01%.

**Norway:** The deadline for filing the first 2020 VAT return remains 14.4.2020. However, the payment deadline has been extended to 10.6.2020. In addition, the reduced tax rate applicable to passenger transport, accommodation services, public broadcasting and admission to cinemas, sports events and amusement parks will be reduced from 12% to 8%. After an initial announcement of a retroactive change as of 1.1.2020, a reduction for the period from 20.3.2020 to 31.10.2020 has since been announced. In the meantime, it is being discussed whether the amendment should be delayed so as not to enter into force until 1.4.2020 and whether additional measures should be taken.

**Poland:** A draft law to postpone the planned introduction of the new SAF-T declarations from 1.4.2020 to 1.7.2020, as well as the reform of the (reduced) tax rates has been announced. In addition, a VAT exemption is to be introduced for certain medical products. It is also being discussed whether the interest on deferrals granted should be waived.

**Portugal:** Companies affected by quarantine and isolation measures can request that no penalties be imposed for late declarations or payments. Tax debts for the second quarter of 2020 can be settled more flexibly, e.g. by paying instalments over three months without interest or over six months with interest. However, this only applies to companies with annual sales of up to EUR 10 million in 2018 and to companies newly established as from 2019. All other companies can only agree to pay in instalments if their turnover in the last three months before the month in which the payment is due was, on average, 20% below the comparable period in the previous year.

**Romania:** The deadline for filing the tax return for February 2020 has been extended by one month, until 25.4.2020. All tax audits and enforcement procedures are temporarily suspended. Applications for VAT refunds, on which decisions have already been made, will be paid out in March 2020. Work is also being carried out on a general acceleration of the input tax refund procedure. In addition, no late payment surcharges or interest will be levied for tax debts due as from 21.3.2020 if they are paid late.

**Sweden:** Companies can apply for a deferral of VAT payments for up to 12 months. This regulation came into force retroactively from 1.1.2020.

**Switzerland:** Companies have the possibility to extend their payment deadlines without paying interest on arrears. The interest rate for VAT will be reduced to 0.0% in the period from 20.3.2020 to 31.12.2020.

**Slovakia:** It has been proposed to allow VAT payment in instalments over 18 months, starting in July 2020 and ending in December 2021, for the months of February, March and April 2020 for companies that have had to close due to the coronavirus. Deadlines for the submission of tax returns are also to be extended by 30 days. The obligation to submit Intrastat declarations is to be suspended until 30.9.2020.

**Slovenia:** The deadline for the submission of tax returns for 2019 is to be extended by two months. However, this does not apply to VAT returns. With respect to VAT, companies affected by decreased revenues due to the Corona-crisis can only apply for an interest-free deferral or payment by instalments.

**Spain:** Deadlines for the submission of tax returns remain unchanged. However, if this results in payment charges that cannot be paid, a deferral can be requested. Such deferrals will be granted for a period of up to six months. However, a deferral cannot be granted to companies whose annual turnover exceeds EUR 6 million or if the payment burden for the respective declaration exceeds EUR 30,000.

**Turkey:** The tax authorities have announced that the outbreak of the coronavirus will be classified as a force majeure and therefore, for certain economic sectors, the deadlines for the submission of tax returns for April, May and June will be extended until 27.7.2020 and tax payments due in these months will not be required to be paid until 6 months later.