

Out of the Corona crisis

Out of the Corona crisis and slowly back to normality. With this newsflash we would like to provide you with a checklist to help you to recognize tax consequences and possible dangers due to the corona measures implemented at an early stage. Have you already thought of the following points?

VAT-Advance payment for 2020 (1/11)

Please note that the VAT-Advance payment for December 2020 will be higher if you have not paid the VAT advance payment for 2020 (1/11) or if you got it refunded.

Deferrals – the following contributions are due in the future:

Social security:

Deferrals for the months March to June 2020 are due until 26th of June 2020.

Company pension scheme:

Increased net reduction in the employee's payroll in the month in which the deferred contributions are transferred. Have you discussed alternatives with the employees in case the employee cannot pay the total amount at once?

Payroll tax:

The extension for the submission of the wage tax registration was granted for a maximum of two months. Have you already paid the deferred amounts?

Monthly VAT-declarations:

End of deferral and due on 31st of July 2020.

Trade tax/Corporate tax/Income tax:

End of the deferral and due on 31st of December 2020 (if not already agreed or fixed earlier).

Tax-prepayments:

Should future advance payments be reduced because the net income for the year 2020 is expected to be lower than it was expected when the advance payments have been assessed?

Should advance payments be assessed as the company is more profitable than expected despite the Corona crisis?

Direct debit mandate:

If the direct debit mandate has been cancelled: When should the direct debit mandate be reactivated? The tax authorities, the municipality (regarding trade tax) and the social security institutions should be notified in order to avoid late payment surcharges or other fees.

Short-time allowance:

Are the requirements for applying for short-time work benefit still fulfilled? 10% of the staff must be affected by the introduction of short-time work benefit.

If the requirements are no longer met, have you considered the possibility of reinterpreting the original application?

Obligation to file income tax returns:

Have you already informed your employees that they are obliged to submit an income tax return for the year 2020 if they have received short-time work benefit?

VAT-reduction:

From 01.07.2020 until 31.12.2020 the VAT rates will be reduced from 19% to 16% and from 7% to 5%.

If an invoice for a service/delivery will not be corrected, the recipient may still deduct 19% instead of 16% input VAT. This non-complaint rule only applies to services/deliveries carried out in July 2020.

Corona emergency aid:

Do you meet the requirements for the emergency aid retrospectively? If not, consider in advance when you can repay the emergency aid.

The district governments will contact the recipients of Corona Emergency Aid and ask them to repay the amounts that were not needed during the crisis. Repayments are to be made by the end of 2020.

The emergency aid is taxable and will increase taxable income and thus corporate income tax and trade tax in 2020.

Bridging aid Corona:

Have you already checked whether you are eligible for the bridging allowance for small and medium-sized enterprises?

The Federal Government decided on the bridging aid on 12th of June 2020. The bridging assistance is a cross-sector grant program with a duration of three months (June to August 2020).

The aim of the program is to secure the economic existence of small and medium-sized enterprises that have suffered considerable losses of turnover due to complete or partial closures due to Corona.

If you have any questions, we will be happy to assist and try to find an optimal solution with you.

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