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Corona Update Tax: Tax Relieves granted by the federal and state governments

**Overview of the 1st wave and 2nd wave of all tax-related measures
announced until May 15, 2020**

May 2020

Tax-related measures in times of the Corona crisis

Corona-Update Tax

In response to the far-reaching effects of the Corona virus, the German Federal Ministry of Finance has initiated tax-related measures for affected companies. In particular, the following measures are planned.

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Tax-related measures in times of the Corona crisis

Measures for affected companies (1/3)

Extension of deadlines

Under the current conditions, it might become difficult to meet filing and payment deadlines due to a possible shortage of staff or funds. **General extensions of deadlines** by the tax authorities have been granted by the **individual federal states to a different extent**; there are no uniform regulations.

In particular for **tax returns**, there are currently **no general extensions of deadlines**. This applies in particular to advance VAT returns, payroll tax returns and capital gains tax returns. Currently, late filing penalties and late payment fines are subject to the general regulations; therefore, it is often advisable for companies affected by the Corona pandemic to **file a corresponding extension request**.

The deadlines for the filing of the 2019 reports to the artists' social insurance funds and the compensation levy for non-employment of the severely disabled have been extended from March 31, 2020 to June 30, 2020.

Adjustment of advance payments

Applications for a **reduction of income tax and corporate income tax advance payments** as well as the trade tax base value for trade tax advance payment purposes can be filed with the tax offices for demonstrably directly and significantly affected companies **by December 31, 2020**.

The adjustment of trade tax advance payments and the deferral of trade taxes will be made upon application by the local municipalities. The municipality is bound by the tax office's assessment notice and must adjust the trade tax advance payment.

As soon as it becomes clear that the taxpayer's current year income is going to be lower than expected before the Corona pandemic, the **tax advance payments will be reduced in a fast and uncomplicate manner**. This will help improve the liquidity situation.

Deferral of taxes already due or becoming due

Upon the taxpayer's **application, tax payments already due or becoming due** (income tax, corporate income, trade tax and VAT) can be deferred, **interest-free, until December 31, 2020**, to the extent the payables cannot be settled due to financial problems resulting from the Corona pandemic. **The value of the damages incurred do not necessarily have to be proven in detail**. The tax authorities refrain from imposing interest for deferred payments. The deferral is generally granted only if the tax payment has already been assessed.

Trade tax deferrals must be applied for by the companies with the competent municipalities (exception: city states).

Applications for deferral must be filed with the competent tax offices or municipalities **by December 31, 2020**.

The tax offices do not impose any strict requirements in connection with an examination of the conditions for deferral.

Tax-related measures in times of the Corona crisis

Measures for affected companies (2/3)

Enforcement measures

Enforcement measures are to be waived until December 31, 2020 for all taxes in arrears or due by this date (income tax, corporate income tax, trade tax and VAT) if the tax office becomes aware of the fact, due to the judgment debtor's notification or otherwise, that the judgment debtor is directly and not inconsiderably affected.

Late payment fines arising during the period from the BMF letter's publication (March 19, 2020) **until December 31, 2020 for taxes becoming due** shall be **waived** in the relevant cases as of December 31, 2020. The tax offices can regulate the abatement by general decree (Art. 118 sentence 2 AO).

Further VAT-related relieves

Besides the deferral of VAT payments and the reduction of VAT advance payments, some federal states provide the **option to be reimbursed for the special advance payments already made for the permanent extension.**

Furthermore, we will be more than happy to advise you as to how to **increase your liquidity** in times of the Corona virus by **means of additional measures.**

Other taxes

For other taxes, such as energy tax and air transport tax administrated by the customs authorities or insurance tax administrated by the German Federal Central Tax Office, there are also **facilitated possibilities for deferment, stay of execution and adjustment of advance payments.**

Investment tax measures

Breaches of the limits between March 1, 2020 and April 30, 2020 do not result in a loss of a **public fund's** tax status as equity or mixed fund and are generally not considered as material breach of the investment regulations **for special investment funds.**

Short-time allowance

Due to the current situation, **improved regulations for short-time allowance** (law of March 13, 2020) have been implemented. We will be more than happy to **support you** in connection with any questions on the short-time allowance as well as the related **tax and labor-law related implications.**

Tax-related measures in times of the Corona crisis

Measures for affected companies (3/3)

Deferral of social security contributions

In general, companies directly and considerably affected by the Corona crisis, have the option to file an **application for deferral of social security contributions, if such contributions' payment would entail considerable hardship for the company** (Art. 76 SGB IV (German Social Security Code)). Such hardship can include a significant loss of the company's revenue due to the Corona crisis.

In this context, the central association of the statutory health insurance funds recently introduced the option of a facilitated deferral of social insurance contributions. Such facilitated deferral's main features are the **absence of a security deposit and deferral interest**. In addition, **no late payment fines or dunning charges will be levied and enforcement measures will be suspended** for contributions that have become due by then. Such deferral currently applies to the contributions for March and April 2020, the due dates of which can be extended until May 27, 2020.

However, it was also emphasized that, in addition to the general prerequisites for a deferral of contributions, the **options of short-time allowance and other subsidies and loans should primarily be utilized**. After the deferral has been granted, the financial resources thus available must be used for the payment of social security contributions, including the contributions deferred until then.

Payroll tax deferrals and extension

The current legal situation does **not allow a deferral of payroll tax** (exception: Berlin tax authority).

Instead, North-Rhine-Westphalia and Bavaria provide for an extension for the filing of the payroll tax return by June 10, 2020. Due to the current situation, however, the option is currently under review. We will be more than happy to keep you up to date on current developments in this regard.

Furthermore, our payroll tax specialists will advise you on current payroll tax issues such as the facilitated conditions for short-time work or compensation for loss of earnings in case of employment bans.

Effects on tax audits

One must generally assume that the tax offices will be closed for the public and that **tax audits will be interrupted. The offices can still be contacted** through telecommunication channels.

With regard to the limitation period for assessments in connection with tax audits, Art. 171 Sec. 4 sentence 1 AO is applicable; furthermore, the requirements pursuant to Art. 171 Sec. 1 AO should have been met according to which the **assessment period does not expire** if the assessment cannot be made due to force majeure during the last six months of the limitation period.

Tax-related measures in times of the Corona crisis

Overview of measures according to federal states (1/4)

Federal state	Measures	As amended	Source
Baden-Württemberg	<ul style="list-style-type: none"> Reduction of advance payments (income tax, corporate income tax and VAT) and of the trade tax base value for advance payment purposes. Interest-free deferral of income tax, corporate income tax and VAT. Suspension of enforcement measures. Abatement of late payment fines. 	20.03.2020	Finanzministerium BW Antragsformular
	<ul style="list-style-type: none"> Application for refund of special VAT advance payment by means of new application for permanent extension. 	25.03.2020	Finanzministerium BW zu USt Anleitung Herabsetzung USt-Sondervorauszahlung
	<ul style="list-style-type: none"> Upon application, extension for the filing of payroll tax returns until April 14, 2020 for up to two months. 	43935	Finanzministerium BW
Bavaria	<ul style="list-style-type: none"> Reduction of advance payments (income tax, corporate income tax and VAT) and of the trade tax base value for advance payment purposes. Interest-free deferral of income tax, corporate income tax and VAT. Suspension of enforcement measures. Abatement of late payment fines. 	17.03.2020	Bayerisches Landesamt für Steuern - Informationen Antragsformular
	<ul style="list-style-type: none"> Application for refund of special VAT advance payment by means of new application for permanent extension. 	26.03.2020	Anleitung Herabsetzung USt-Sondervorauszahlung
	<ul style="list-style-type: none"> Upon application, stay of execution for tax deduction amounts (payroll tax and capital gains tax). 	26.03.2020	Bayerisches Landesamt für Steuern - Informationen
	<ul style="list-style-type: none"> Upon application, extension for the filing of annual tax return until May 31, 2020. 	26.03.2020	Bayerisches Staatsministerium der Finanzen und für Heimat
	<ul style="list-style-type: none"> Extension for the filing of the March 2020 payroll tax return until June 10, 2020. 	06.04.2020	Bayerisches Landesamt für Steuern- Informationen
Berlin	<ul style="list-style-type: none"> Reduction of advance payments (income tax, corporate income tax and VAT) and of the trade tax base value for advance payment purposes. Interest-free deferral of income tax, corporate income tax and VAT. Suspension of enforcement measures. Abatement of late payment fines. 	25.03.2020	Senatsverwaltung für Finanzen Antragsformular
	<ul style="list-style-type: none"> Upon application, stay of execution for payroll tax returns, late payment fines will be cancelled. 	07.04.2020	StBK Berlin
	<ul style="list-style-type: none"> Application for refund of special VAT advance return. 	24.03.2020	StBK Berlin
	<ul style="list-style-type: none"> Upon application, retroactive extension for the filing of annual tax returns until May 31, 2020 for taxpayers significantly affected by the crisis 		
	.	25.03.2020	Senatsverwaltung für Finanzen

Tax-related measures in times of the Corona crisis

Overview of measures according to federal states (2/4)

Federal state	Measures	As amended	Source
Brandenburg	<ul style="list-style-type: none"> Reduction of advance payments (income tax, corporate income tax and VAT) and of the trade tax base value for advance payment purposes. Interest-free deferral of income tax, corporate income tax and VAT. Suspension of enforcement measures. Abatement of late payment fines. 	20.03.2020	Ministerium der Finanzen und für Europa
			Antragsformular
Bremen	<ul style="list-style-type: none"> Reduction of advance payments (income tax, corporate income tax and VAT) and of the trade tax base value for advance payment purposes. Interest-free deferral of income tax, corporate income tax and VAT. Suspension of enforcement measures. Abatement of late payment fines. 	25.03.2020	Information des Ministeriums der Finanzen und für Europa
			Finanzsenat Bremen Antragsformular
Hamburg	<ul style="list-style-type: none"> Upon application, extension for the filing of 2018 tax returns until May 31, 2020 Abatement of late payment fines. 	24.03.2020	Steuerverwaltung der Stadt Hamburg
			Antragsformular Vollstreckungsaufschub
	<ul style="list-style-type: none"> Suspension of enforcement measures. 	19.03.2020	Antragsformular Gewerbesteuer
	<ul style="list-style-type: none"> Reduction of advance payments and of the trade tax base value for trade tax advance payment purposes. 	19.03.2020	Antragsformular Stundung
Hessen	<ul style="list-style-type: none"> Reduction of advance payments (income tax, corporate income tax and VAT) and of the trade tax base value for advance payment purposes. Interest-free deferral of income tax, corporate income tax and VAT. Upon application, suspension of enforcement measures. 	19.03.2020	Hessisches Ministerium der Finanzen
	<ul style="list-style-type: none"> Application for refund of special VAT advance payment by means of new application for permanent extension. 	23.03.2020	Hessisches Ministerium der Finanzen
	<ul style="list-style-type: none"> Extension for the filing of annual tax returns until May 31, 2020. 	24.03.2020	StBK Hessen
Mecklenburg-Vorpommern	<ul style="list-style-type: none"> Reduction of advance payments (income tax, corporate income tax and VAT) and of the trade tax base value for advance payment purposes. Interest-free deferral of income tax, corporate income tax and VAT. Suspension of enforcement measures. Abatement of late payment fines. 	06.04.2020	Hessisches Ministerium der Finanzen
Mecklenburg-Vorpommern	<ul style="list-style-type: none"> Application for refund of special VAT advance payment by means of new application for permanent extension. 	19.03.2020	Antragsformular
		26.03.2020	Finanzministerium MV Pressemitteilung

Tax-related measures in times of the Corona crisis

Overview of measures according to federal states (3/4)

Federal state	Measures	As amended	Source
Lower Saxony	<ul style="list-style-type: none"> • Reduction of advance payments (income tax, corporate income tax and VAT) and of the trade tax base value for advance payment purposes. • Interest-free deferral of income tax, corporate income tax and VAT. • Suspension of enforcement measures. • Abatement of late payment fines. 	23.03.2020	Finanzministerium Niedersachsen Antragsformular
		24.03.2020	Punkt 8 im FAQ
		01.04.2020	Punkt 5 im FAQ
		19.03.2020	Finanzverwaltung NRW Antragsformular
North Rhine-Westphalia	<ul style="list-style-type: none"> • Reduction of advance payments (income tax, corporate income tax and VAT) and of the trade tax base value for advance payment purposes. • Interest-free deferral of income tax, corporate income tax and VAT. • Suspension of enforcement measures. • Abatement of late payment fines. 	19.03.2020	Finanzverwaltung NRW Antragsformular
		19.03.2020	Anleitung USt-Sondervorauszahlungen
		19.03.2020	Antragsformular
		06.04.2020	Antragsformular Lohnsteuer-Anmeldung
Rhineland-Palatinate	<ul style="list-style-type: none"> • Reduction of advance payments (income tax, corporate income tax and VAT) and of the trade tax base value for advance payment purposes. • Interest-free deferral of income tax, corporate income tax and VAT. • Suspension of enforcement measures. • Abatement of late payment fines. 	25.03.2020	Finanzministerium RLP Antragsformular
		25.03.2020	Antragsformular für nicht beratene Steuerpflichtige Antragsformular für beratene Steuerpflichtige
		25.03.2020	Finanzministerium RLP
		18.03.2020	Ministerium für Finanzen und Europa Saarland
Saarland	<ul style="list-style-type: none"> • Reduction of advance payments (income tax, corporate income tax and VAT) and of the trade tax base value for advance payment purposes. • Interest-free deferral of income tax, corporate income tax and VAT. • Suspension of enforcement measures. • Abatement of late payment fines. 	23.03.2020	Ministerium für Finanzen und Europa Saarland
		23.03.2020	Ministerium für Finanzen und Europa Saarland

Tax-related measures in times of the Corona crisis

Overview of measures according to federal states (4/4)

Federal state	Measures	As amended	Source
Saxony	<ul style="list-style-type: none"> Reduction of advance payments (income tax, corporate income tax and VAT) and of the trade tax base value for advance payment purposes. Interest-free deferral of income tax, corporate income tax and VAT. Suspension of enforcement measures. Abatement of late payment fines. 	23.03.2020	Land Sachsen Antragsformular
	<ul style="list-style-type: none"> Application for refund of special VAT advance payment by means of new application for permanent extension. 	23.03.2020	Land Sachsen
Saxony-Anhalt	<ul style="list-style-type: none"> Reduction of advance payments (income tax, corporate income tax and VAT) and of the trade tax base value for advance payment purposes. Interest-free deferral of income tax, corporate income tax and VAT. Suspension of enforcement measures. Abatement of late payment fines. 	23.03.2020	Schreiben des Ministeriums für Finanzen SA
	<ul style="list-style-type: none"> Extension for filing of tax returns for members of the tax consulting professions with retroactive effect from March 1, 2020 until May 31, 2020. 	25.03.2020	Pressemitteilung des Ministerium für Finanzen SA
Schleswig-Holstein	<ul style="list-style-type: none"> Reduction of advance payments (income tax, corporate income tax and VAT) and of the trade tax base value for advance payment purposes. Interest-free deferral of income tax, corporate income tax and VAT. Suspension of enforcement measures. Abatement of late payment fines 	23.03.2020	Finanzministerium SH
	<ul style="list-style-type: none"> Application for reduction of special VAT advance payment. 	02.04.2020	Finanzministerium SH
Thuringia	<ul style="list-style-type: none"> Reduction of advance payments (income tax, corporate income tax and VAT) and of the trade tax base value for advance payment purposes. Interest-free deferral of income tax, corporate income tax and VAT. Suspension of enforcement measures. Abatement of late payment fines. 	19.03.2020	Finanzministerium Thüringen Antragsformular
	<ul style="list-style-type: none"> Application for refund of special VAT advance payment. 	19.03.2020	Antragsformular
	<ul style="list-style-type: none"> Extension for filing of tax returns for members of the tax consulting professions with retroactive effect from March 1, 2020 until May 31, 2020. 	25.03.2020	Finanzministerium Thüringen

Tax-related measures in times of the Corona crisis

Overview of the federal government's measures (1/2)

	Measures	As amended	Source
Federal government	Customs authorities' tax-related measures	02.04.2020	https://www.zoll.de/DE/Fachthemen/Zoelle/Coronakrise/Steuern/steuern_node.html#doc370404bodyText1
	Special regulations for cross-border commuters	03.04.2020	https://www.bundesfinanzministerium.de/Content/DE/Standardartikel/Themen/Steuern/Internationales_Ssteuerrecht/Allgemeine_Informationen/2020-04-03-Covid-19-Sonderregelungen-Grenzpendler-innen.html
	Tax-related measures to promote subsidies for people affected by the Corona crisis	09.04.2020	https://www.bundesfinanzministerium.de/Content/DE/Downloads/BMF_Schreiben/Weitere_Ssteuerthemen/Abgabenordnung/2020-04-09-steuerliche-massnahmen-zur-foerderung-der-hilfe-fuer-von-der-corona-krise-betroffene.html;jsessionid=DFBDA8C3315815B159882A59AEFDC671.delivery1-replication
	Mitigation of the Corona crisis' additional burden on employees; tax exemption for subsidies and support	09.04.2020	https://www.bundesfinanzministerium.de/Content/DE/Downloads/BMF_Schreiben/Steuerarten/Lohnsteuer/2020-04-09-steuerbefreiung-fuer-beihilfen-und-unterstuetzungen.html;jsessionid=DFBDA8C3315815B159882A59AEFDC671.delivery1-replication
	Application of flat-rate reduction of advance payments already made for 2019	24.04.2020	https://www.bundesfinanzministerium.de/Content/DE/Downloads/BMF_Schreiben/Steuerarten/Einkommensteuer/2020-04-24-Corona-Sofortmassnahme-Antrag-auf-pauschalierte-Herabsetzung-bereits-geleisteter-Vorauszahlungen-fuer-2019.html;jsessionid=DFBDA8C3315815B159882A59AEFDC671.delivery1-replication
	Extension of deadline for quarterly and monthly payroll tax returns	23.04.2020	https://www.bundesfinanzministerium.de/Content/DE/Downloads/BMF_Schreiben/Weitere_Ssteuerthemen/Abgabenordnung/2020-04-23-verlaengerung-der-erklaerungsfrist-fuer-vierteljaehrliche-und-monatliche-lohnsteueranmeldungen-waehrend-der-corona-krise.html;jsessionid=DFBDA8C3315815B159882A59AEFDC671.delivery1-replication
	FAQ "Corona" taxes	24.04.2020	https://www.bundesfinanzministerium.de/Content/DE/Standardartikel/Themen/Steuern/2020-04-01-FAQ_Corona_Steuern.html;jsessionid=DFBDA8C3315815B159882A59AEFDC671.delivery1-replication
	VAT rate for the catering industry (not yet final)	23.04.2020	https://www.haufe.de/steuern/gesetzgebung-politik/ermaessigter-steuersatz-fuer-die-gastronomie-und-verlustverrechnung_168_514636.html

Tax-related measures in times of the Corona crisis

Overview of the federal government's measures (2/2)

	Measures	As amended	Source
Federal government	<p>Customs authorities' tax-related measures</p> <p>Government draft of May 30, 2020 of a Corona Tax Assistance Act:</p> <ul style="list-style-type: none"> • Temporary reduction of VAT for restaurant and catering services. • Extension of the transitional provision to § 2b UStG in § 27 para. 22 UStG until 12 December, 2022. • Subsidies for short-time working allowance. • Extension of the tax retroactive periods in § 9 S. 3 and § 20 para. 6 S. 1 and 3 UmwStG. 	06.05.2020	https://www.bundesfinanzministerium.de/Content/DE/Gesetzestexte/Gesetze_Gesetzesvorhaben/Abteilungen/Abteilung_IV/19_Legislaturperiode/Gesetze_Verordnungen/2020-04-30-Corona-Steuerhilfegesetz/2-Regierungsentwurf.html
	<p>Special arrangements for cross-border commuters - Consultation agreement with Belgium</p>	07.05.2020	https://www.bundesfinanzministerium.de/Content/DE/Standardartikel/Themen/Steuern/Internationales_Ssteuerrecht/Staatenbezogene_Informationen/Laender_A_Z/Belgien/2020-05-07-Belgien-Abkommen-DBA-Konsultationsvereinbarung-Besteuerung-Grenzpendler.pdf?__blob=publicationFile&v=2

Tax-related measures in times of the Corona crisis

Overview of the European Union's measures

	Measures	As amended	Source
European Union	<ul style="list-style-type: none"> Planned extension of the implementation period with regard to DAC6 (EU Commission suggestion) Delay of implementation of the e-commerce VAT package by 6 months 	11.05.2020	https://ec.europa.eu/newsroom/representations/item-detail.cfm?item_id=676644

Tax-related measures in times of the Corona crisis

Overview of the federal states' information portals

Federal state	Information	As amended	Information portal/source
Baden-Württemberg	-		
Bavaria	Continuously updated overview of tax measures for people affected by Corona and frequently asked questions	29.04.2020	https://www.stmfh.bayern.de/service/finanzielle_hilfen/corona_2020/
Berlin	Continuously updated overview of tax measures for people affected by Corona	29.04.2020	https://www.berlin.de/sen/finanzen/steuern/informationen-fuer-steuerzahler-/artikel.910208.php
Brandenburg	Continuously updated overview of tax measures for people affected by Corona	28.04.2020	https://mdfe.brandenburg.de/cms/detail.php/lbm1.c.224141.de
Bremen	Continuously updated overview of tax measures for people affected by Corona and frequently asked questions	17.04.2020	https://www.finanzen.bremen.de/detail.php?gsid=bremen53.c.79065.de
Hamburg	-		
Hesse	Continuously updated overview of tax measures for people affected by Corona and frequently asked questions	28.04.2020	https://www.frankfurt-main.ihk.de/recht/steuerrecht/steuerliche-ma%C3%9Fnahmen-corona-virus/
Mecklenburg-Vorpommern	Continuously updated overview of tax measures for people affected by Corona and frequently asked questions	29.04.2020	https://www.regierung-mv.de/Landesregierung/fm/Service/corona-faq/
Lower Saxony	FAQ on the Corona virus: Allocation of aid and protection funds; tax deferral for liquidity provision; tax treatment of state emergency aid	29.04.2020	https://www.mf.niedersachsen.de/startseite/themen/steuern/antworten-auf-haufig-gestellte-steuerliche-fragen-faqs-im-zusammenhang-mit-dem-corona-virus-186548.html
Nord Rhine-Westphalia	Tax forms, instructions and links with regard to tax measures in connection with the Corona crisis	29.04.2020	https://www.finanzeverwaltung.nrw.de/de/steuererleichterungen-aufgrund-der-auswirkungen-des-coronavirus
Rhineland-Palatinate	Letter re. tax-related measures Corona virus - collective applications for deadline extensions possible; waiver of set-off of tax arrears; revocation of SEPA direct debit mandates	31.03.2020	https://www.sbk-rlp.de/inhalte/uploads/LfSt-Corona-03_Info_StBk_Billigkeitsma%C3%9Fnahmen_Stand-31-03-20.pdf
Saarland	-		
Saxony	Continuously updated overview of tax measures for people affected by Corona and frequently asked questions	15.04.2020	https://www.coronavirus.sachsen.de/steuern-und-finanzen-4134.html?_cp=%7B%22accordion-content-4585%22%3A%7B%226%22%3Atrue%7D%7D
Saxony-Anhalt	-		
Schleswig-Holstein	-		
Thuringia	Application form of the Thuringian Ministry of Finance in connection with further tax measures due to the Corona virus' effects	23.04.2020	https://www.stbk-thueringen.de/aktuelles/aktuelles/details/newsarticle/detail/News/antragsformular-des-thueringer-finanzministeriums-zu-weiteren-steuerlichen-massnahmen-wegen-der-auswir.html

Please do not hesitate to ask your questions.



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