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## TAX

### TAX-RELATED LIQUIDITY ASSISTANCE

The German government is taking far-reaching actions to mitigate the impact of the coronavirus. One of the actions are measures of tax-related liquidity assistance.

The tax authorities grant taxpayers affected by the corona crisis – under greatly eased conditions – the following alleviations:

- › reduction of tax prepayments;
- › deferral of tax payments without interest and
- › waiver of enforcement of overdue taxes and late payment penalties.

As a matter of principle, the relief measures shall apply to **all companies and self-employed persons**. According to a letter from the Federal Ministry of Finance (BMF) and the corresponding Federal State decrees published on 19 March, taxpayers must, as a general rule, prove that they are directly and not insignificantly impacted by the effects of the coronavirus. However, it is not necessary to provide proof of the exact amount of the losses incurred. The tax offices have been instructed not to impose harsh requirements when checking whether the conditions have been met. In the case of taxpayers only indirectly affected, the general principles for deferral etc. will continue to apply. As a matter of fact, the tax authorities currently assume that all companies and self-employed persons are directly and not insignificantly impacted. For the time being, the applications for the relief measures do not require any specific form; however, forms will be made available and, where appropriate, the option of submitting online applications.

The relief has been announced to be granted for **income, corporate and trade tax payments, VAT payments** and also, for example, for **electricity, energy and insurance tax payments**. However, the relief will **not** be granted for **wage tax and capital gains tax payments**.

The relief shall apply to **taxes** that are already due or will be **due by 31 December 2020**. Specific justification will be required for requests for deferral or adjustment of prepayments for the period after 31 December 2020.

As a general rule, the tax authorities have announced to waive **interest on deferred payments** as well as **late payment penalties**.

EXPERTISE

Corona-Pandemic

Tax

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