



COVID-19 Tax Measures in Germany

COVID-19 (“coronavirus”) poses enormous challenges to the global economy. In response on 19 March 2020, the Federal Ministry of Finance (“BMF”) released a decree on tax relief measures, in particular in respect of income and corporation tax, which has immediate effect. In addition, on 19 March 2020, the supreme fiscal authorities of the German federal states published identical guidance addressing trade tax relief measures.

Deferral of tax debts

According to the BMF decree taxpayers who can demonstrate with details of their circumstances that they are directly and not inconsiderably affected by the coronavirus may apply for deferral of their tax debts due up until 31 December 2020. The application has to be submitted to the respective tax office. The relevant authorities will presumably provide application forms for this purpose shortly. You will find those forms already available at the end of this article.

The requirements for a taxpayer to prove he/she is directly and not inconsiderably affected are proportionately low. For instance, it is not necessary for the taxpayer to prove the value of the losses incurred in detail. However, the rules are different for taxes due after 31 December 2020. In these cases, applications for deferral must be specially substantiated. Generally, the tax deferrals should be granted without interest.

Reduction of advance payments regarding income and corporate tax

The BMF decree states that – on presentation of their circumstances – the demonstrably directly and not inconsiderably affected taxpayers may apply for a reduction of advance payments regarding income and corporate tax. With respect to the application procedure and proving that the taxpayer is directly and not inconsiderably affected, the above applies accordingly. Special substantiation is therefore only required for applications relating to periods after 31 December 2020.

Waiver of enforcement measures and late payment surcharges

Moreover, enforcement measures or late payment surcharges should be waived until 31 December 2020 as long as the debtor of a due tax payment is directly and not inconsiderably affected by the coronavirus. The pre-requirement for this is that the tax office is informed, e.g. due to a notification from the taxpayer, that the taxpayer is directly and not inconsiderably affected. In such cases, late payment surcharges incurred between 19 March 2020 and 31 December 2020 should be waived.



Reduction of advance payments of trade tax

According to the identical guidance published by the supreme fiscal authorities of the German federal states, directly and not inconsiderably affected taxpayers may, upon presentation of their circumstances, apply for reduction of the trade tax assessment amount at their respective tax office until 31 December 2020. The following assessment binds the municipalities in their assessment of the advance payments of trade tax accordingly. Applications for deferral and remission regarding the advance payments of trade tax are principally to be made to the respective municipality and only to the tax offices if the municipalities are not entrusted with the collection of trade tax.

These applications also do not require the taxpayer to provide detailed proof of the value of the losses incurred. The relevant application forms are expected to be made available shortly on the websites of the municipalities and tax offices, possibly together with the applications regarding the income and corporation tax (see application form of the Bavarian State Office for Taxes).

Forms:

Bavaria: [Form Bavaria](#)

Thuringia: [Form Thuringia](#)

North-Rhine-Westphalia: [Form North-Rhine-Westphalia](#)

Your experts on tax in the coronavirus crisis:



Dr. Bert Kimpel
Partner, Düsseldorf
T: +49 211 8387-269
E: b.kimpel@taylorwessing.com



Marc Fellner
Salary Partner, Frankfurt
T: +49 69 97130-312
E: m.fellner@taylorwessing.com



Elnaz Mehrkhah
Senior Associate, Frankfurt
T: +49 69 97130-187
E: e.mehrkhah@taylorwessing.com