

COVID-19

Tax Measures in Germany – Update of our newsletter dated 24 March 2020

In our [Newsletter](#) regarding the tax measures in Germany introduced by the Federal Ministry of Finance (“BMF”) and the supreme fiscal authorities in respect of the effects of the corona crisis on the national economy, we already mentioned the **deferral of tax debts**, tax relief in relation to the **advance payments regarding income, corporate and trade tax** and the possible **waiver of enforcement measures and late payment surcharges** (see also [BMF decree dated 19 March 2020](#)).

In addition, this newsletter is intended to provide an explanation of the above-mentioned measures, which the BMF has provided in the meantime and to list further tax measures that have been decided since then (see [FAQ-Catalogue of the BMF dated 1 April 2020](#)).

Explanation of the tax measures presented in our newsletter dated 24 March 2020

General information

The fundamental condition for tax relief in connection with the corona crisis is always that the applicant is “directly and not insignificantly affected” by the crisis. The BMF has now specified this condition in more detail: In principle, the tax authorities can assume that a very large number of industries and persons are affected by the implications of the crisis. In this respect, plausible statements by the taxpayer that the corona crisis has **serious negative effects on his economic situation** should be sufficient.

Applications for all tax relief mentioned in the newsletters can now be made using forms provided on the websites of the tax offices or municipalities or otherwise informally.

Deferral of tax debts

With regard to the possibility of tax deferrals, the BMF has clarified that a deferral is possible for all (as yet unpaid) taxes except for wage and capital gains tax. In addition, it should also be possible to defer tax claims resulting from **estimated tax bases** if the respective tax return cannot be submitted due to the adverse effects of the corona crisis.

Waiver of enforcement measures and late payment surcharges

With respect to the possible waiver of enforcement measures and late payment surcharges, the BMF stated that, in the case of enforcement measures already taken against a taxpayer who is directly and not insignificantly affected, the taxpayer can file an **application for a postponement of enforcement**. In principle, the application should be granted up until 31 December 2020 at the latest.



Insolvency applications filed before the beginning of the corona crisis, are on the contrary, only to be withdrawn or declared closed in justified exceptional cases, as it is assumed that the reason for insolvency existed before the crisis.

Further tax measures

Deadline extension for submitting tax returns

Taxpayers who do not consult a tax advisor, income tax assistance association or other person authorized to give tax advice can have the general statutory deadline for submitting tax returns for the calendar year extended to 31 July 2020 upon application to the competent tax office.

If taxpayers consult one of the above-mentioned entities and this entity is entrusted with filing the tax return, the deadline for filing returns relating to the 2018 assessment period was the end of February 2020. If the consultant was unable to meet the deadline without fault due to the corona crisis, an extension of the deadline can be applied for retroactively from 1 March 2020, at the latest until 31 May 2020. Possible late payment surcharges in this context will be waived.

Restitutio in integrum (restoration to the original condition) is also intended in the specific case of failure to meet a legal deadline due to the corona crisis.

Reduction of advance payments of VAT

In addition to the applications for reduction of the advance payment of income, corporation and trade tax, it is now also possible to apply to the responsible tax office for a reduction of the advance payment of VAT for the long-term extension of VAT for the year 2020.

External tax audits

With regard to external tax audits, the BMF states that these are still being carried out in principle, but at the authorities' offices and not on the business premises of taxable companies or their tax advisors.

Depending on the specific individual case, the external audit may be postponed or even aborted if this appears necessary due to the effects of the corona crisis.

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