



COVID-19 - Legislative Act of 11 March 2020 regulating support for businesses

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Tax Alert



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The case

A Legislative Act titled “Emergency contingency measures to tackle the adverse effects of the outbreak of COVID-19 and to address the need to limit the spread of the virus” was published in the Government Gazette. The Act regulates a series of measures to support businesses and employees affected by the virus.

The regulated measures include:

01 Conditional Suspension of VAT payment

For businesses adversely affected by the outbreak and spread of COVID-19, the deadline for the payment of VAT may be prolonged, while the collection of VAT due may be suspended. During the aforementioned prolonged period, no interest or surcharges on the VAT amounts due will be charged.

02 Suspension of collection of assessed debts and extension of the deadline for scheduled payments

Businesses adversely affected by the outbreak and spread of COVID-19, may benefit from the extension of the deadline for payment of outstanding tax liabilities.

Further, the Act provides for the extension of the deadline for scheduled payments in the context of a debt settlement scheme. During the extension and suspension period, no interest or surcharge shall be charged.

By Decision issued by the Minister of Finance, the affected businesses per industry/sector and by region will be specified.

Moreover, the abovementioned Decision will clarify the time limits of the said extension and suspension period.

03 Extension of the deadline for payment of social security contributions

By virtue of a Common Ministerial Decision issued by the Minister of Finance and of Employment and Social Affairs the deadline for the payment of social security contributions may be extended. The same may also apply for the payment of instalments in the context of a debt settlement scheme. During the extension provided, no interest or surcharge shall be charged on the social security contributions due. The aforementioned Decision is expected to provide clarifications regarding the following aspects of the measures:

- the determination of affected businesses
- the financial criteria of the businesses and –in general- the employers that are covered by the scope of the above measures
- the deadline for the payment of social security contributions and other instalments in the context of a debt settlement scheme
- the date on which the measures enter into force and any other detail required for the application of the Act.

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