
Overview of the exceptional tax measures related to COVID-19

Who is concerned and what are the conditions?

By Renaud ROQUEBERT & Clémence BAUCHÉ

In response to the Covid-19 outbreak, several economic, tax and customs announcements have been made by the French Government since March 3rd, 2020. The purpose of these measures is to provide exceptional and "immediate" support to all companies facing financial difficulties. These measures are for the most part welcome, and aim, generally speaking, to relieve companies of taxes due in March 2020, which is an excellent thing!

Having said that, the mere inventory of the proposed measures is not enough, and it deserves a little analysis, structuring and a few thoughts of opportunity. This is the purpose of this article.

Broadly speaking, there are two categories of tax measures: those aimed at deferring or waiving taxes, and those aimed at managing tax audit procedures.

I. Direct tax deferral or rebate measures

- **Direct tax payment deferral** (*Corporate income tax balance, payroll tax and local taxes*)

The deferral of the next payment of all direct taxes due on March 2020 can be requested by all companies (or their external accountants) "without justification and without penalties". Practically speaking, it means that, as soon as a request for deferral is filed, the payment of these taxes is automatically postponed until the 16 of June 2020 (three-month deadline).

However, the Minister of the Economy and Finance has indicated that VAT and personal income withholding tax cannot be included in these measures as this "would be too complicated, too burdensome and with risks for the tax security". Thus, unfortunately, the payment of these taxes is not deferred.



Expert contribution

March 2020

PARIS · LYON · SAN FRANCISCO

Furthermore, businesses who have opted for the monthly payment of the business property tax ("CFE") are allowed to suspend payments and defer them until the balance is paid, directly through their "impôts.gouv" accounts or by contacting the "Centre prélèvement service".

The government's swiftness of action on these points is most welcomed!

But does this postponement only concern the March deadlines or also the payments due the following months? Given the current situation and subject to further measures, it seems likely that this deferral also concerns the April 2020 deadlines (i.e. in particular for the payroll tax)... but this remains to be confirmed.

In the event that companies have already paid the March deadlines, the Ministry of Finance has announced on its website that it is possible to object to the SEPA direct debit (by contacting the company's bank directly) or to request a reimbursement from the relevant Tax Authorities Business Tax Service ("Service des impôts des entreprises - SIE").

But in what form can the request be made (i.e. submission of a specific form) and within what timeframe? In practice, there are existing procedures for requesting a reimbursement; Are they applicable in the current situation? It is quite likely, but we recommend formally confirming this with the company's relevant SIE though.

It should be noted in conclusion on this point that these measures consist in deferring the payment of the taxes in question.

The effect on the company's cash flow may be beneficial in the short term, however the tax debt will remain, unless the authorities announce otherwise, but no such initiative has been mentioned at this stage.

The announcements from the Government, which may vary if the economic situation were to be lastingly affected, must be carefully monitored on a daily basis. We will be vigilant.

- **Direct tax rebate**

The government has also planned to allow companies to apply for a rebate of certain taxes. The mechanism is therefore different from the deferral mechanism, since the rebate removes part or all of the tax burden permanently.

These rebate requests will, however, be examined on an individual basis. Granted in a more restrictive manner than deferrals, they will have to be justified and can only be granted in the event of serious financial difficulties.

LIGHTHOUSE LHLF - LAW FIRM

4 rue Saint Florentin - 75001 Paris

T. + 33 (0)1 76 70 46 16

34 Quai Charles de Gaulle - 69006 Lyon

T. + 33 (0)9 72 44 38 94

www.lh-lf.com



Expert contribution

March 2020

PARIS · LYON · SAN FRANCISCO

A priori, these "characterized difficulties" would be assessed by taking into account various factors, such as the compared amount of monthly sales in 2019 and 2020, the nature (other than tax) and amount of outstanding debts, the cash position, etc...

In practice, a specific request for deferral or rebate is available to taxpayers on the website [impôt.gouv.fr](http://impot.gouv.fr). On 16 March 2020, the Minister of the Economy and Finance also announced that "no deadline has been set for requesting this deferral".

Practically speaking, given the announced individual examination of files, it would appear that the 'immediate' effect of the measure is more relative. Indeed, to date, no specific deadline has been set for the processing of applications submitted in the context of the difficulties relating to the Coronavirus - Covid 19.

Practically speaking, we therefore recommend that, in order to compensate for any processing delays, a request for deferral should be submitted in parallel with a rebate request.

II. Tax audit measures

As tax agents working with the tax authorities are also affected by the containment measures in place in France, the Minister of Action and Public Accounts has announced that ongoing tax audits will be suspended and that no new audits will be initiated. At the same time, arrangements are reportedly being considered for the enforced recovery of tax debts.

However, this announcement was made by the Minister through social networks and press articles. Will this be officially confirmed? There is no assurance at this stage. Very close attention must be paid.

In very concrete terms, will this mean that the tax audits that are undergoing and which are subject to specific deadlines are also suspended? Will it be possible, for example, not to respond within the time limits to a reassessment notice sent a few days before the announcements were made?

These questions are critical, and in the absence of a clear position of the authorities, we strongly recommend acting as if the ongoing procedures were continuing normally.

Additionally, upon the closure of the courts, litigations before the administrative judge and the judicial judge are also suspended.

In conclusion, the Government has responded to some of the difficulties encountered by businesses today. The responsiveness of the authorities and the unprecedented scale of the measures announced should be enthusiastically welcomed.

LIGHTHOUSE LHLF - LAW FIRM

4 rue Saint Florentin - 75001 Paris

T. + 33 (0)1 76 70 46 16

34 Quai Charles de Gaulle - 69006 Lyon

T. + 33 (0)9 72 44 38 94

www.lh-lf.com



Expert contribution

March 2020

PARIS · LYON · SAN FRANCISCO

We must, however, remain cautious with regard to the practical application of certain measures, and carefully monitor the scope of the most "emblematic" measures, such as tax rebates or the suspension of tax audits.



Renaud ROQUEBERT
Managing Partner
renaud.roquebert@lh-lf.com
+33 (0)1 76 70 46 16
+33 (0)1 79 65 96 10



Clémence BAUCHÉ
Tax Associate
clemence.bauche@lh-lf.com
+33 (0)1 89 33 93 35
+33 (0)7 70 26 79 75

Expert contribution

March 2020



PARIS · LYON · SAN FRANCISCO

Lighthouse LHLF - Lawfirm

Our areas of expertise are taxation and customs law.

We have a long-standing experience in direct taxation (i.e. corporate income tax), both national and international (i.e. double tax treaties, withholding tax, transfer pricing, etc.), but also in indirect taxation (i.e. VAT and indirect taxes), and customs law. Finally, we have also developed expertise in the field of excise duties (energy products, etc.) and environmental taxation (TGAP).

In all these areas, we combine our expertise in both advisory and litigation (in particular audit assistance, but also judicial or administrative litigation). We also handle legal issues related to our clients' national or international tax or customs operations.

We offer tax and customs content of the highest quality, taking into account above all the operational requirements of our clients.

The LHLF team combines a high level of technical expertise with the greatest capacity for adaptation to deal with exceptional situations and ever-changing challenges.

LIGHTHOUSE LHLF - LAW FIRM

4 rue Saint Florentin - 75001 Paris

T. + 33 (0)1 76 70 46 16

34 Quai Charles de Gaulle - 69006 Lyon

T. + 33 (0)9 72 44 38 94

www.lh-lf.com