

COVID-19: Relief measures further extended relating to tax liquidity assistance

Relief measures for several tax liquidity assistance measures for taxpayers extended until 2022.

In response to the continuing effects of the coronavirus (COVID-19), the German Ministry of Finance (MOF) published a decree on 8 December 2021 announcing the extension of certain tax-related measures that aim to boost liquidity, which were originally provided for in a 19 March 2020 decree and extended by a 22 December 2020 decree and a 18 March 2021 decree. The original corporate income tax payment measures described in these decrees expired on 30 September 2021 (for deferral/suspension of payments) and are set to expire on 31 December 2021 (for installment payment plans) but have been extended by the new decree until 31 March 2022 (for deferral/suspension of payments) and 30 June 2022 (for installment payment plans). The original advance payments of corporate income tax measures described in these decrees are set to expire on 31 December 2021 but have been extended to 30 June 2022.

Under the extended measures, taxpayers have the option of applying to defer making corporate income tax payments, with the suspension of enforcement measures and without being charged interest, for taxes that become due on or before 31 January 2022. Taxpayers that are “directly and seriously affected” by COVID-19 may apply for such a deferral/suspension until 31 January 2022, and the deferral/suspension for approved applicants will be granted until 31 March 2022. An additional extension of the deferral/suspension until 30 June 2022 may be granted in connection with an installment payment plan. As described in the original decree, approval for the measures will be granted even if affected taxpayers cannot yet quantify the economic damage resulting from COVID-19. However, taxpayers that are affected only indirectly still will not be able to rely on the measures in the new decree.

In addition, the possibility still exists for taxpayers that are “directly and seriously affected” by COVID-19 to apply for an adjustment of advance payments of corporate income tax under a simplified procedure until 30 June 2022. Similar to the deferral for income tax payments, approval for an adjustment will be granted even if affected taxpayers cannot yet quantify the economic damage resulting from COVID-19.

The 7 December 2021 decree from the MOF is supplemented by a joint decree dated 9 December 2021 issued by the state tax authorities that provides similar guidance with regard to the municipal trade tax.

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