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Tax measures introduced due to COVID-19



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Introduction

With the emergency situation generated by the COVID-19 pandemic continuing to affect the economy, as well as life in general, governments and businesses are focusing on well-being, liquidity and access to finance. In response to the COVID-19 crisis, during March 2020, the government published a series of legislative packages of emergency measures and announced a variety of mitigating steps to be taken in support of the country's citizens and the economy. This article provides a brief overview of the main tax measures introduced.

VAT adjustments and amendments to tax return submission deadlines

The government has introduced a variety of tax measures intended to help taxpayers preserve their cash flows and ease the administrative burden on them during the health emergency. A summary of the main features is given below.

Deadlines for payment of indirect taxes extended

For value added tax (VAT) periods ended on 29 February 2020, 31 March 2020 and 30 April 2020, the taxpayer may defer paying the sum of VAT due until, at the latest, 10 November 2020. The government intends to introduce a phased payment scheme for such arrears terminating on 11 November 2020. No late payment penalty or interest will be applied provided that the VAT return was submitted on the original due date. Eligible businesses for this deferred payment are those with an annual turnover which does not surpass €1 million (based on the total turnover declared in 2019 VAT returns) and those whose turnover has been reduced by more than 25%.

Extension of deadlines pertaining to tax returns

A two-month extension to the 31 March 2020 deadline for submitting corporate tax returns and self-employed tax returns has been introduced. The new deadline is 31 May 2020.

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Savvas Petrou, trainee lawyer, assisted in the preparation of this article.

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