

# Practical INSTRUCTIONS

**#TAX**

05<sup>TH</sup> NOVEMBER 2020

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*Regulatory watch, decryption of laws: this tax file takes stock of the latest applicable measures. We have deliberately designed this support as a decision support tool, with entry points focused on your issues:*

- what can you carry forward,
- what can you stagger,
- what kind of financial assistance you can apply for.

## DEFERRAL OF TAX DUE DATES

### 1 - DIRECT TAXES

Deferral without penalty of the settlement of direct tax due dates :

- For companies that have had material difficulties in collecting all of the declarative elements
- or for companies that have had financial difficulties related to the health crisis

This request only concerns the deferral of the settlement of direct tax deadlines between March and July 2020. (Please note that VAT is not included).

**=> Form to be filled in and sent to the Administration without justification**

### 2 - INCOME TAXES ON WAGES

The tax authorities grant all companies the possibility of deferring in October and November the installments of income tax on wages that had to be paid before July 15 and August 15, 2020.

**=> Form to be filled in and sent to the Administration without justification**

### 3 - CORPORATE PROPERTY TAX

For companies belonging to the hotel, restaurant, tourism, events, sports, culture and air transport sectors: the payment of the Corporate Property Tax is entirely deferred to December 15, i.e. the date of payment of the balance. Possibility of suspending the monthly payments: the balance of the tax due is then entirely deferred to December 15, without any penalty.

**=>Form to be filled in and sent to the Administration without justification**

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## 4- PROPERTY TAX

Companies that own and operate their commercial or industrial premises and are having difficulty paying their property tax can obtain a deferral of the payment of property tax. Automatic deferral for a period of 3 months of their due date.

=> Form to be fill-in and sent to the public finance center whose contact information is indicated on the property tax notice.

## 5- ALL TAX LIABILITIES

The « Commission des chefs de services financiers (CCSF) » can grant companies that have difficulties to pay their tax and social security debts. Companies must be updated on their tax and social security declarations and on the payment of employee contributions and withholding tax. They must not have been convicted of concealed work..

=> => A file outlining the financial situation of the company must be submitted to the secretary of the CCSF to which the head office belongs.

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## TERMS OF PAYMENT OF DUE DATES TAXATION

### 1- SETTLEMENT PLAN WITH THE DGFIP

The Small and Medium-size Enterprises having difficulties in paying their tax debts may request a specific settlement plan from the DGFIP for all tax due dates between March 1 and May 31, 2020.

The duration of the plan may not exceed 36 months and the company must provide guarantees to ensure the collection of the Treasury's receivables up to the amount of the fees due beyond 12 months.

Eligible enterprises must be considered as SMEs within the meaning of the European Community and must therefore comply with the following conditions:

- have started their activity before December 31, 2019 ;
- employ less than 250 employees on the date of the request;
- have a turnover (excluding VAT) not exceeding 50 million euros or a balance sheet total not exceeding 43 million euros;
- are updated with their tax reporting obligations at the date of the request;
- certify on their honour that they have already submitted an application for deferment of payment or the possibility of payment by their private creditors.

**=> The company must make a specific request to the public accountant no later than December 31, 2020 from the secure messaging system of the company's professional area.**

### 2- CORPORATE INCOME TAX (CIT) INSTALMENT

In order to support all companies in the gradual recovery of their activity, they are offered an extended capacity to modulate their CIT instalments.

An option for all companies concerning the Corporate tax instalments for all current financial years and open before 20/08/2020.

**Please note: the modulation of the corporate income tax instalments is based on the amount of the provisional corporate income tax for the current fiscal year. The modulation must therefore be determined on the basis of a reliable accounting situation and a forecast at the end of the year.**

We remind you that in case of under modulation (with a tolerated margin of error), a 5% surcharge will be applied with interest on arrears.

**=> Option for the company which is exercised without any particular formalism**

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## CASH FLOW SUPPORT

### 1- LOSS CARRYBACK MECHANISM

Possibility to request early repayment of unused carry-back losses.

Only receivables resulting from an option exercised in respect of a fiscal year ending no later than December 31, 2020 are concerned by early repayment:

- Receivables arising from an option to carry back losses already exercised at the close of fiscal years 2015, 2016, 2017, 2018 and 2019;
- receivables that would be recognized in respect of the fiscal year ending no later than December 31, 2020.

**=> This option must be exercised no later than the deadline for filing the income statement for the financial year ending December 31, 2020.**

### 2- CORPORATE PROPERTY TAX

Local authorities may, by a decision taken no later than July 31, 2020, implement a partial tax deduction in favor of companies operating in certain sectors of activity that have been particularly affected: tourism, hotels, restaurants, sports, culture, air transport and events, etc.

The tax deduction can represent up to 2/3 of the amount of the Corporate Property Tax.

This scheme is intended for establishments belonging to a company with annual pre-tax revenues of less than 150 million euros (reference period 2018 revenues).

**=> The tax authorities will automatically apply the tax relief when the debt is levied. It will be necessary to check the notice.**

### 3- FINANCIAL SUPPORT FROM THE SOLIDARITY FUND

Businesses in the sectors of activity most affected by the health crisis can benefit from cash-flow aids paid by the solidarity fund (shopkeepers, craftsmen, liberal professionals, etc.).

**As of October 2020, the criteria for granting aid are relaxed:**

- the manager does not have a full-time employment contract;
- number of employees less than or equal to 50;

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- companies controlled by a holding company are eligible provided that the cumulative workforce is below the threshold of 50 employees ;
- they started their activity before September 30, 2020;
- the economic activity must have been significantly impacted by the health crisis (different conditions depending on the situation under consideration);
- removal of the turnover criterion;
- removal of the taxable profit criterion.

The amount of aid paid under the solidarity fund varies according to the impact of the health crisis on economic activity (curfew zone, administrative closure, significant loss of turnover, sector of activity listed by decree) from €1,500 to €10,000 depending on the situation envisaged.

**=> The request must be made from the secure messaging system of the particular area for the main help.**

## 4- REMISSION ON ALL TAX LIABILITIES

For all companies that are involved in conciliation, safeguard or receivership proceedings, a request for debt remission can be made to the CCSF.

Remissions, the terms of which are intended to facilitate the financial recovery of the company in difficulty, the pursuit of its economic activity and the maintenance of employment.

Under no circumstances may they concern VAT and registration fees.

**=> A file outlining the financial situation of the company must be submitted to the secretary's office. of the CCSF on which the head office depends**

## 5- REMISSION OF DIRECT TAXES

For companies that have had financial difficulties due to the health crisis and whose deferral or postponement measures do not allow them to overcome the difficulties, it is possible to apply for a remission of direct taxes.

The benefit of these measures is subject to an individual examination of the applications that takes into account the situation and financial difficulties of the companies. The company must therefore justify its cashflow situation.

**=> Form to be filled in and sent to the Administration**