

Covid measures



- **Is there a lockdown and resulting tax implications?**

On October 30th, 2020 new lockdown measures have been established in France.

This new lockdown has a lower impact on the economy since it is softer than the first one:

- The continuity of public services is ensured (schools, court hearings, tax audits, ...);
- Shops are closed (except food shops and drugstores) and most of the businesses continue to work.

- **How will tax audit look like (postponed but not out of scope)?**

The limitation periods were suspended for the period from March 12th, 2020 to August 23rd, 2020 inclusive, i.e. for more than five months.

The administration will therefore have a period of more than five months in 2021 to exercise its right of resumption in respect of taxation periods that would normally have been statute-barred on December 31st, 2020.

On the contrary, no specific measures have been planned for this new lockdown as far as tax audits are possible.

- **Are there some “benefits” or subsidies available for taxpayers?**

Review of tax measures:

- 3-month deferral, upon request, of property tax payments for businesses affected by the new health measures;
- Early repayment of carry-back receivables;
- Postponement of the deadline for filing Form n°2257 to December 31st, 2020;
- Staggered payment of direct taxes;
- Postponement of the payment of the corporate land tax (CFE) to December 15th, 2020;
- Speeding up of refund of VAT credits.

The finance bill for 2021 provides for several measures to help taxpayers in the context of the COVID crisis:

- Tax credit of 50% of rents waived by landlords in the case of tenant companies with fewer than 5,000 employees and affected by health measures;
- Extension of the presumption of normality of commercial debt waivers to waivers granted in the context of a conciliation procedure;
- Diminishing by 50% of local business tax.

The finance bill for 2021 is currently being debated and should be adopted in mid-December.

- **What about developing electronic tax filings?**

The tax return must, in principle, already be made online on the French tax authorities' website “impots.gouv.fr” (article 1649 quater B quinquies of the French tax code).

- **Are there other COVID related tax trends or developments? (R&D/IP or more loss carry backwards in countries or insolvency issues or financing structures helping to support of the economy?)**

In addition to tax measures, the French government announced a wide range of measures aiming at supporting businesses throughout the crisis, with a view to mitigating its economic impacts:

- **The State-guaranteed loan.** The French government guarantees, under certain conditions, loans granted between March 16th 2020 and December 31st 2020 by financial institutions to certain French businesses (Non-financial companies registered in France);
- **The Solidarity Fund.** The purpose of this Fund is the payment of financial aid to persons and legal entities whose economic activity is severely affected by the economic, financial and social consequences of the spread of Covid-19 and the measures taken to contain the spread;
- **Employment-related measures:** deferral of payment of social contributions, partial unemployment (the employees receive 84% of their net wages thanks subsidies granted by the State to businesses).

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