

New tax measures in response to the COVID-19 state of emergency

Executive Summary

Specific measures taken by

- (i) the Luxembourg direct tax authorities (“LDTA”)
- (ii) the Luxembourg indirect tax authorities (“LITA”)
- (iii) the Luxembourg Business Register (“LBR”)

Below is summarized the relevant information on the exceptional measures implemented by the Luxembourg tax administration (“LTA”) with regard to the filing and payment obligations of Luxembourg corporate and individual taxpayers.

This summary is up to date on the basis of the review of the official guidelines, newsletters and updates published by the respective Luxembourg authorities as of 23 March 2020. Upon further measures taken, this summary will be updated accordingly.

A. Background information

The measures implemented by the LTA are part of a series of measures introduced in order to guarantee the continuity of the Luxembourg economy. The measures are only foreseen for entities or individuals whose liquidity has been impacted by the COVID-19 crisis.

B. Direct taxes

I. Payment of Taxes

1. Cancellation of tax advances for Q1 and Q2

With regard to corporate income tax (“CIT”) and municipal business tax (“MBT”), Luxembourg entities and self-employed individuals performing a commercial,

agricultural, forestry or liberal activity may request a cancellation of their tax advances for the first two quarters of 2020. However, **advances** due for the first and second quarter of 2020 in relation to Luxembourg **net wealth tax (“NWT”) are not cancellable**. Individuals may also request a cancellation of advances due for the two first quarters of 2020 in relation to Luxembourg income tax.

2. Deferral for payment of taxes

Further, the deadline for the payment of taxes such as CIT, MBT and NWT due after 29 February 2020 may be **deferred** for four months on request of entities or self-employed individuals. Such request will not trigger any late interest payments.

However, such **deferral may not be requested** for payments due on **withholding tax on salaries**.

3. Respective forms for the request

The requests mentioned above are automatically accepted by the LTA and available for download on the links below:

- Request for cancellation of tax advances: <https://impotsdirects.public.lu/dam-assets/fr/formulaires/covid/annulationavances.pdf>
- Request for a four month extension on the payment deadline: <https://impotsdirects.public.lu/dam-assets/fr/formulaires/covid/delaipaiement.pdf>



II. Filing of tax returns

The LTA extended the deadline for the filing of the annual tax returns as follows:

- from 31 March 2020 to **30 June 2020** for individuals in relation to their 2019 income tax return; and
- from 31 May 2020 to **30 June 2020** for entities with respect to their 2019 CIT, MBT and NWT returns.

C. Indirect taxes

With regard to Luxembourg VAT, the LITA declared that no late interest payments would apply on any potential delay with respect to the filing of any VAT return until further notice.

Further, starting as from the week of 16 March 2020, the LITA will reimburse VAT credit balances below EUR 10,000.

D. Filing of annual accounts

Luxembourg entities will benefit from an additional administrative period of 4 months for the filing of their 2019 annual accounts. Further, no surcharge will apply for possible failure to file the 2019 annual accounts within the extended deadlines until 30 November 2019.

As a result, for a financial year ending for instance on 31 December 2019, the filing of annual accounts will be subject to the standard administrative costs of EUR 19 excluding VAT until 30/11/2020.

E. Computation days for cross-border workers

In principle, the respective double tax treaties entered into between Luxembourg and France, Germany and Belgium allow cross-border workers to perform teleworking during a limited number of days annually without triggering any taxation in their respective countries of residency (for French cross border workers 29 days, for Belgian cross border workers 24 days and for German cross border workers 19 days).

In view of the current situation for **French and Belgian cross-border workers**, the limit of days of teleworking per

year will not be counted retroactively as from 14 March 2020 until further notice. This has been agreed with the French and Belgian government.

Teleworking for more than 24 working days in Belgium or 29 working days in France in 2020 should not trigger taxation of (a portion of) the employee's remuneration in Belgium or France.

Such measure has not yet been introduced for German cross-border workers.

Mathilde Ostertag

Partner
GSK Stockmann SA
mathilde.ostertag@gsk-lux.com

Katharina Schiffmann

Senior Associate
GSK Stockmann SA
katharina.schiffmann@gsk-lux.com

Adrien Kleinschmidt

Associate
GSK Stockmann SA
adrien.kleinschmidt@gsk-lux.com



Copyright

GSK Stockmann SA – all rights reserved. The reproduction, duplication, circulation and/or the adaption of the content and the illustrations of this document as well as any other use is only permitted with the prior written consent of GSK Stockmann SA.

Disclaimer

This client briefing exclusively contains general information which is not suitable to be used in the specific circumstances of a certain situation. It is not the purpose of the client briefing to serve as the basis of a commercial or other decision of whatever nature. The client briefing does not qualify as advice or a binding offer to provide advice or information and it is not suitable as a substitute for personal advice. Any decision taken on the basis of the content of this client briefing or parts thereof is at the exclusive risk of the user.

GSK Stockmann SA as well as the partners and employees mentioned in this client briefing do not give any guarantee nor do GSK Stockmann SA or any of its partners or employees assume any liability for whatever reason regarding the content of this client briefing. For that reason we recommend you request personal advice.

www.gsk-lux.com

GSK STOCKMANN

BERLIN

Mohrenstrasse 42
10117 Berlin
T +49 30 203907-0
F +49 30 203907-44
berlin@gsk.de

FRANKFURT/M.

Taunusanlage 21
60325 Frankfurt am Main
T +49 69 710003-0
F +49 69 710003-144
frankfurt@gsk.de

HAMBURG

Neuer Wall 69
20354 Hamburg
T +49 40 369703-0
F +49 40 369703-44
hamburg@gsk.de

HEIDELBERG

Mittermaierstrasse 31
69115 Heidelberg
T +49 6221 4566-0
F +49 6221 4566-44
heidelberg@gsk.de

MUNICH

Karl-Scharnagl-Ring 8
80539 Munich
T +49 89 288174-0
F +49 89 288174-44
muenchen@gsk.de

LUXEMBOURG

GSK Stockmann SA
44, Avenue John F. Kennedy
L-1855 Luxembourg
T +352 271802-00
F +352 2718 02-11
luxembourg@gsk-lux.com

