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CORONAVIRUS : THE FIRST CRISIS TAX MEASURES FOR FRENCH COMPANIES BEFORE A (NECESSARY) WIDER-RANGING TAX PLAN ?

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While French growth was increasing from January to mid-February, a sharp slowdown was observed as soon as the Covid-19 disease broke out and that is all the more the case since the beginning of March.

Therefore, Bruno Le Maire, Minister of the Economy and Finance, held a joint press conference on March 9th with Muriel Pénicaud, Minister of Labour and Agnès Pannier-Runacher, Minister of State attached to the Minister of the Economy and Finance, in order to precise the emergency measures aimed at French companies and more particularly at those in the most impacted sectors by the Covid-19 disease, such as hotels, catering and event companies, but also the automotive industry and air transport.

The impact of the Covid-19 disease was first of all announced as expected to be « severe » for French growth in 2020, « of around several tenths points of GDP ». An updated assessment of the Covid-19 impact on French growth will be performed on April 15th, during the presentation of the Stability Pact forecasts.

In the meanwhile, a meeting of all the Finance Ministers of the Euro Zone will take place on March 16th, followed by a meeting of all the Finance Ministers of the European Union, during which Bruno Le Maire indicated that the global mobilisation will have to be declared, in particular through the implementation of a "recovery plan which will have to include tax and budgetary measures and tax reliefs to relaunch the economic machine after the epidemiological crisis".

For the time being, the practical aim is to reassure companies during the current period of accounting and tax reporting and tax deadlines through "crisis answers". Indeed, regarding the sole corporate income tax (CIT) reporting requirements, while the deadline to file the corresponding tax return is in principle as at May 3rd for companies having closed their 2019 financial year on December 31st (the deadline being postponed in principle to May 18th, 2020 in case of teletransmission of the tax return), the deadline for companies having closed their financial year on January 31st have to file their CIT return by April 30th at the latest.

Furthermore, for most companies, the first CIT instalment will have to be paid by March 15th, along with the contributions assimilated to CIT, that is to say within the next few days, despite the fact that the cancellations are increasing and that the business activity is slowing down for an undetermined period of time.

Many other deadlines are occurring these days, among which, for example:

- the Nominative Social Declaration ("*Déclaration Sociale Nominative*" - DSN) of February 2020, as well as the pay-as-you earn (PAYE) tax declarations, which had to be submitted by March 5th by companies with at least 50 employees, along with the corresponding payment regarding February 2020. Companies with less than 50 employees have to submit theirs with the corresponding payment by March 16th;
- the PASRAU (replacement income) declaration regarding February 2020 and the corresponding payment had to be submitted by March 10th.

Therefore, the following measures were announced by the Minister of the Economy and Finance :

- all companies facing difficulties related to the Covid-19 will be entitled to ask for the deferred payment of the social security contributions through the sending a mere email;

- Bruno Le Maire will also ask for the possibility to grant companies a deferred payment regarding taxation through the simplest way. The practical modalities for these deferral requests still have to be precised but, in the meanwhile, a simplified form of request should be considered as relevant;

Thus, in principle, the following penalties should not be applied: (i) the 5% penalty incurred in case of late payment regarding CIT (Article 1731 of the French tax code -FTC), (ii) nor the late interest amounting to 0.2% per month (Article 1727 of the FTC). This tolerance is all the more welcome as the Ministry of Public Action and Accounts had announced in its press release of 19 February 2020 concerning the PAYE tax declarations, that the French tax administration would start applying penalties as from the declarations filed in February 2020 in respect of January 2020, in particular in the event of late filing (a penalty amounting to 10% of the sums paid late being then applicable but with a minimum penalty incurred of €50 instead of €250 such as provided for by the law);

- Finally, a direct tax relief announced as to be granted on a "case-by-case" basis, will be provided to all companies that would be "threatened due to the economic impact of the Covid-19".

Bruno Le Maire has also shown a particular concern regarding the cash flow of companies, although dedicated tax measures have not been announced yet in this respect. A gradation of measures could be expected, in the same manner that voluntary proportionate and progressive measures will be announced at the health level according to the evolution of



the situation.

