

Relaxation of Rules regarding Deferment of Payment of Taxes and Tax Interest

Update 17th of March 2020

Under the new rules, affected entrepreneurs can more simply apply for a deferment of payment of taxes. This applies to income, corporate, turnover (VAT) and payroll taxes. Under the new rules, any default penalties for late payment do not have to be paid. Moreover, it is not necessary - in contrast to under the old rules - to send documentary evidence along immediately. As an entrepreneur, you are given a longer period of time for this. Under the old rules, the documentary evidence to be included was an expert's statement. To keep the administrative burden of applying for the deferment as limited as possible, it is not necessary to attach a statement when applying for the deferment. For the first three months, therefore, no statement from a third expert (for example, an accountant or sector organization) is required.

Notify inability to pay

In order to reduce the risk of directors' liability, we advise you to notify any inability to pay at the same time that you submit the request for deferment of payment. Without this notification, the director will be liable for any unpaid turnover tax and payroll taxes. The measures published so far show no change in this regard.

We can arrange the request for deferment and the notification of the inability to pay for you. If you want us to do that, please send us the following information:

- Name of the company / companies for which deferment has to be requested;
- Description of the business activities of the company / companies;
- Description of how this company / these companies have been affected by the corona virus and/or by measures taken by the government;
- For which taxes a deferment has to be requested; and
- A form for notification of inability to pay, completed as much as possible;

Recovery interest

The recovery interest that normally starts to accrue after the expiry of the payment term is temporarily reduced from 4% to 0.01% (for reasons of difficulties in implementation it is not possible to reduce the interest to 0%, which is why a percentage of 0.01% is used). This reduction will take effect on 23 March 2020.

In addition to recovery interest, entrepreneurs can also be confronted with tax interest. If a tax assessment is determined, this interest is charged as from a certain date after the end of the tax period. The tax interest rate is 8% for corporate tax and 4% for other taxes. In addition to the recovery interest, also the tax interest rate will be reduced to 0.01% (the reduction of the tax interest rate will take effect on 1 June 2020, with the exception of the reduction of the tax interest rate for the income tax, which will take effect on 1 July 2020).

Do you have any questions after reading this article, or can we help you with anything?
Please contact us: Coronadesk@crop.nl