

International Tax Review

Current information on
international tax
developments provided by EY
Austria

Austria: COVID-19 Measures

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Over the last weeks, the following measures with a total value of EUR 38bn were implemented in Austria to address the economic impact and to safeguard employment in Austria during the COVID 19 crisis:

- ▶ Corona help fund and credit guarantees
- ▶ Tax deferrals and reductions of income tax pre-payments
- ▶ Short-time work model
- ▶ Hardship fund
- ▶ Other tax and administrative measures

Corona help fund and credit guarantees

The Corona help fund provides guarantees and subsidies to Austrian companies suffering from liquidity shortages due to the Corona crisis.

- ▶ Guarantees to secure working capital loans cover 90% of the loan amount. The upper limit for this is a maximum of 3 months' turnover or a maximum of EUR 120 million. This limit can only be increased in justified, exceptional cases.
- ▶ The interest rate for loans is capped with 1%. Guarantee fees apply as prescribed by the EU, in a range between 0.25 and 2% depending on the size of the company and the duration of the guarantee.
- ▶ For small and medium-sized enterprises, the guarantee can cover up to 100% of the loan amount (capped at EUR 500,000). The interest rate is 0% for the first two years. The maximum term is 5 years.
- ▶ There are special rules for companies in distress.

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- ▶ For guarantees, bonuses to the top management are capped with 50% of the bonuses for the prior year. Withdrawals of profits and profit distributions have to be adopted to the economic circumstances. For the period between 16 March 2020 and 16 March 2021 it is not possible to effect dividend distributions.
- ▶ In addition to the Corona help fund, credit guarantees are available for enterprises of all impacted sectors. The application is made via the principal bank. A simplified credit assessment applies to existing credit customers, a budget or business plan is not decisive, instead the creditworthiness before the crisis is relevant.
- ▶ There is the plan to offer fixed cost subsidies. The amount of subsidies shall depend on the company's decrease in sales. The place of management and business activities must be in Austria and fixed costs must have been incurred in Austria. Prerequisite is that the enterprise suffers a decrease in sales of at least 40% in 2020 during the COVID-19 crisis. Enterprises must commit themselves to pay particular attention to maintaining jobs in Austria and to take all reasonable measures to reduce fixed costs. Not eligible are enterprises with more than 250 employees as of 31 December 2019 and who dismissed employees instead of using the short-time work scheme after the outbreak of the COVID 19 crisis. The entire financial and insurance sector (banks, credit institutions, insurance companies, securities firms and other financial enterprises subject to prudential supervision) are excluded.

Tax deferrals and reductions of income tax prepayments

Taxpayers can apply to defer tax payments until 30 September 2020 or to pay taxes in instalments until 30 September 2020. Taxpayers can apply for a waiver of interest on deferred payments. The (corporate) income tax prepayments for 2020 can be reduced to EUR 0. Prerequisite for all cases and for all applications is that the taxpayer can credibly argue that liquidity shortages are directly caused by COVID-19 (e.g. break down of the supply chain, change in customer behavior, cancellation of hotel reservations, authority-imposed restrictions). Tax offices are instructed to process all applications with immediate effect.

Short-time work

Short-time work is the temporary, non-seasonal reduction of working time hours and remuneration due to economic difficulties in order to reduce personnel costs. COVID-19 short-time work enables to reduce working hours to as little as 10% and still maintain an upright employment relationship. Independent of the reduction of work, income can remain at up to 90%. Earliest start of short-time work was 1 March 2020. Employers can apply for short-time work for a maximum of three months. If necessary, a further extension of three months is possible after discussions between the social partners. The employer has to bear personnel costs of actual working time. The lost working time (i.e. the reduced hours) is compensated by the Austrian labor market service (AMS).

Hardship fund:

The hardship fund is designed for "small" entrepreneurs including e.g. one-person entrepreneurs and micro-entrepreneurs who employ less than 10 full-time equivalents and have a turnover or balance sheet total of max. EUR 2 million. A case of hardship exists if the entrepreneur is no longer able to cover the current costs, a ban on entering the premises was officially ordered or the sales dropped at least 50% compared to the same month of the previous year. In the second

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phase, starting 20 April 2020, entrepreneurs can receive subsidies up to EUR 6,000.

Other tax and administrative measures

- ▶ The filing deadline for the 2018 tax returns filed by an Austrian tax advisor was extended to 31 August 2020.
- ▶ Due to COVID-19, all external tax audit activities, inspections and enquires by the Austrian tax authorities were suspended.
- ▶ Procedural deadlines were interrupted from 16 March to 30 April 2020 and will begin to run anew from 1 May 2020, unless a different deadline was set.
- ▶ Based on a law change, bonus payments to employees for work during the COVID-19 crisis of up to EUR 3,000 are tax-exempt. Bonuses must qualify as additional payments that are made exclusively for this purpose and have not been granted previously.
- ▶ For the supply and the intra community acquisition of protective masks after 13 April 2020 and before 1 August 2020 a VAT rate of 0% applies.

OECD Developments

OECD Developments

- ▶ OECD releases Sweden Stage 2 peer review report on implementation of Action 14 minimum standard [▶Read more](#)
- ▶ The Latest on BEPS and Beyond | April 2020 edition [▶Read more](#)
- ▶ OECD releases Germany Stage 2 peer review report on implementation of Action 14 minimum standard [▶Read more](#)
- ▶ OECD releases Luxembourg Stage 2 peer review report on implementation of Action 14 minimum standard [▶Read more](#)
- ▶ OECD releases second batch of Stage 2 peer review reports on dispute resolution [▶Read more](#)
- ▶ OECD Secretariat issues guidance on impact of the COVID-19 crisis on treaty-related issues [▶Read more](#)

Argentina

Country Updates

- ▶ Argentina modifies informative regime requiring local entities and individuals to report further information on foreign entities [▶Read more](#)

Australia

- ▶ Australia enacts JobKeeper Payments wage subsidy law [▶Read more](#)

Bahrain

- ▶ Bahrain issues guidance on Mutual Agreement Procedure [▶Read more](#)

Country Updates

Botswana

- ▶ Botswana announces tax measures to mitigate impact of COVID-19 [▶ Read more](#)

Brazil

- ▶ Brazil: New Ordinance published by Sao Paulo State Authorities establishes new procedures for importing goods within state and brings cash flow opportunities [▶ Read more](#)

Canada

- ▶ Canada's Economic Response Plan: Additional tax administration measures and extensions announced [▶ Read more](#)
- ▶ Canada Emergency Wage Subsidy legislation receives Royal Assent [▶ Read more](#)
- ▶ Canada announces changes to Emergency Wage Subsidy program [▶ Read more](#)

Chile

- ▶ Chilean labor legislation amended due to COVID-19 pandemic [▶ Read more](#)

Colombia

- ▶ Colombia issues additional COVID-19 tax measures [▶ Read more](#)

Costa Rica

- ▶ Costa Rica's Ministry of Foreign Trade requests comments on draft authorized exporter regulations [▶ Read more](#)

Ecuador

- ▶ Ecuador's National Assembly to consider proposed measures to safeguard employment due to uncertain economic situations triggered by COVID-19 [▶ Read more](#)

Equatorial Guinea

- ▶ Equatorial Guinea announces new tax measures to mitigate impact of COVID-19 [▶ Read more](#)

Country Updates

France

- ▶ France postpones implementation of EU definition of exporter to 1 October 2020 [▶ Read more](#)
- ▶ France issues comprehensive draft guidance on digital services tax [▶ Read more](#)

Gabon

- ▶ Gabon postpones transfer pricing documentation filing deadline [▶ Read more](#)

Germany

- ▶ OECD releases Germany Stage 2 peer review report on implementation of Action 14 minimum standard [▶ Read more](#)

Ghana

- ▶ Ghana announces plans to provide relief to frontline health workers in response to COVID-19 [▶ Read more](#)

Gibraltar

- ▶ CJEU rules on application of Parent-Subsidiary Directive to Gibraltar [▶ Read more](#)

Hong Kong

- ▶ Hong Kong Tax Authority indicates a server in Hong Kong may constitute a permanent establishment [▶ Read more](#)

India

- ▶ India enacts 2020-21 Union Budget [▶ Read more](#)

Ireland

- ▶ Ireland further amends Temporary Wage Subsidy scheme [▶ Read more](#)
- ▶ Irish Revenue accelerates early payment of 2020 installments of excess R&D tax credits [▶ Read more](#)

Italy

- ▶ Italian Court of Cassation holds reduced dividend withholding tax is applicable on distributions to foreign pension funds [▶ Read more](#)
- ▶ Italy introduces new economic measures related to COVID-19 [▶ Read more](#)

Country Updates

- ▶ Italy enacts “Liquidity Decree” to further manage COVID-19 [▶Read more](#)

Japan

- ▶ Japan announces tax measures in response to Covid-19 [▶Read more](#)

Kenya

- ▶ Kenya enacts Tax Laws (Amendment) Act, 2020 [▶Read more](#)
- ▶ Kenya proposes Tax Laws Amendments Bill, 2020 [▶Read more](#)
- ▶ Kenya’s Tax Appeals Tribunal holds taxpayer legally entitled to claim input VAT [▶Read more](#)
- ▶ Kenya’s Tax Appeals Tribunal holds interchange fees received by issuing banks are exempt from VAT [▶Read more](#)

Luxembourg

- ▶ Russia notifies Luxembourg and Malta of tax treaty changes [▶Read more](#)
- ▶ OECD releases Luxembourg Stage 2 peer review report on implementation of Action 14 minimum standard [▶Read more](#)

Malta

- ▶ Russia notifies Luxembourg and Malta of tax treaty changes [▶Read more](#)

Mauritius

- ▶ Mauritius introduces fiscal incentives in response to COVID-19 [▶Read more](#)

Namibia

- ▶ Namibia announces Economic Stimulus and Relief Package to mitigate impact of COVID-19 [▶Read more](#)

Netherlands

- ▶ Dutch Government’s advisory committee publishes report on taxation of multinationals [▶Read more](#)
- ▶ Netherlands introduces new withholding tax on interest & royalty payments and increased substance requirements as of 2021: A detailed review [▶Read more](#)

Norway

- ▶ Norwegian Government implements compensation scheme for businesses experiencing severe loss of income due the COVID-19 [▶Read more](#)

Country Updates

- ▶ Norway postpones deadline for submission of corporate income tax return to 31 August 2020 due to COVID-19 [▶ Read more](#)

Panama

- ▶ Panama's National Immigration Service extends validity of residence permits issued to foreigners [▶ Read more](#)
- ▶ Panama's National Assembly approves bill with special social measures that temporarily suspend payment of public services [▶ Read more](#)
- ▶ Panamanian Ministry of Health adopts new citizen-mobility measures to mitigate spread of COVID-19 [▶ Read more](#)

Peru

- ▶ Peru modifies requirements for deducting wasted goods for income tax purposes [▶ Read more](#)
- ▶ Peru amends rules on indirect transfers of shares [▶ Read more](#)
- ▶ Peru extends state of emergency and implements new tax measures due to COVID-19 [▶ Read more](#)

Philippines

- ▶ Philippines grants incentives to importers and local manufacturers of "Critical Health Equipment and Supplies" [▶ Read more](#)

Poland

- ▶ Poland to impose withholding tax on cross-border payments as of 1 July 2020 [▶ Read more](#)

Portugal

- ▶ Portugal deposits its instrument of ratification of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent BEPS [▶ Read more](#)
- ▶ Portugal introduces indirect tax stimulus measures, including VAT changes, in response to COVID-19 [▶ Read more](#)

Russian Federation

- ▶ Russia notifies Luxembourg and Malta of tax treaty changes [▶ Read more](#)

Saudi Arabia

- ▶ Saudi Arabia temporarily waives penalties for amending prior filing positions and offers additional filing relief [▶ Read more](#)

Country Updates

South Africa

- ▶ South Africa announces VAT exemption and Customs Duty rebate on importation of essential goods [▶Read more](#)

Spain

- ▶ Spanish Central Tax Court issues resolution on services between head offices and branches [▶Read more](#)

Suriname

- ▶ Suriname announces tax measures to mitigate impact of COVID-19 [▶Read more](#)

Sweden

- ▶ OECD releases Sweden Stage 2 peer review report on implementation of Action 14 minimum standard [▶Read more](#)

Switzerland

- ▶ Switzerland proposes changes related to relief from Swiss withholding tax under its international tax treaties [▶Read more](#)

Thailand

- ▶ Thailand announces additional excise and customs duty related measures to support businesses during COVID-19 and duty exemption to encourage investment [▶Read more](#)

Turkey

- ▶ Turkey introduces new Additional Customs Duties, temporarily amends certain current duties [▶Read more](#)
- ▶ Turkey launches website for Digital Services Tax [▶Read more](#)
- ▶ Turkey proposes draft Bill amending several laws due to COVID-19 [▶Read more](#)

Uganda

- ▶ Uganda issues Tax Amendment Bills 2020 [▶Read more](#)

Country Updates

United States

- ▶ Report on recent US international tax developments - 24 April 2020 [▶ Read more](#)
- ▶ Report on recent US international tax developments - 17 April 2020 [▶ Read more](#)
- ▶ Report on recent US international tax developments - 10 April 2020 [▶ Read more](#)
- ▶ US publishes Interim Implementation Instructions and Alternative Staging Regime for auto industry; Prepares for 1 July USMCA Entry into Force [▶ Read more](#)
- ▶ US IRS issues additional FAQs on faxing Form 1139 with NOL and AMT claims under CARES Act [▶ Read more](#)
- ▶ US IRS releases FAQs on transfer pricing documentation best practices [▶ Read more](#)
- ▶ US: Consolidated return considerations of NOL carrybacks under CARES Act [▶ Read more](#)
- ▶ US IRS announces taxpayers can temporarily fax Forms 1139 and 1045 to claim NOL carrybacks and AMT credits under CARES Act [▶ Read more](#)
- ▶ US IRS gives relief to taxpayers making Section 163(j) elections [▶ Read more](#)
- ▶ US: Taxpayers need to consider international tax implications of making certain net operating loss elections under Revenue Procedure 2020-24 [▶ Read more](#)
- ▶ US final and proposed regulations on hybrid mismatches, DCLs and conduit financing provide more certainty but some surprises [▶ Read more](#)
- ▶ US IRS issues annual APA report for 2019 [▶ Read more](#)

Uruguay

- ▶ Uruguayan tax authorities extend return filing and tax payment deadlines due to COVID-19 [▶ Read more](#)
- ▶ Uruguay establishes COVID-19 Solidarity Fund and COVID-19 Sanitary Emergency Tax [▶ Read more](#)

Uzbekistan

- ▶ Uzbekistan introduces additional tax measures to support businesses and mitigate impact of COVID-19 [▶ Read more](#)

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