CORONAVIRUS TAX RELIEF

Status as of 9 March 2021, 5:00 PM (will be continuously updated).

MARCH 2021

- With the approaching deadline for filing income tax returns, the Ministry of Finance has published further tax reliefs, this time in relation to all tax entities without exception. The current <u>Newsletter No. 16/2021</u> of 8 March 2021 postpones the deadline for filing a tax return and paying income tax by one month. It does so by waiving interest on arrears and a fine for late tax returns on income tax, which would normally penalize the taxpayer for late filing. In the event that the tax entity submits its return in writing, the deadline for its submission is extended to 3 May. If submitted electronically, the deadline is extended until 3 June 2021.
- Another tax relief brought by Newsletter No. 16 is the extension of the VAT waiver for FFP 2 class respirators and other protective equipment until 3 June 2021.

AUTUMN, WINTER 2020 AND JANUARY 2021

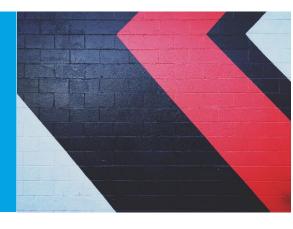
- The Ministry of Finance is coming up with another comprehensive liberation package, which to this date includes several measures. Some measures concern only entrepreneurs whose income has been significantly reduced by forced closures. In the current <u>Newsletter No. 3/2021</u> issued on 7 January 2021, some concessions are extended to other entities not directly or indirectly affected by government restrictions.
- The tax reliefs listed below apply only to entities whose income from the period from 1 June 2020 to 30 September 2020 predominantly stemmed from activities that were prohibited or significantly restricted by government regulations from 22 October 2020 to 31 March 2021. In principle, these are currently all entrepreneurs operating in establishments, except those to whom the government regulations explicitly allow

further business. It is mainly in respect of the sale of food, drugstore items and fuel. Entrepreneurs who fall into the affected fields and meet the condition of the loss of the majority of their income, and want to take advantage of the possibility of deferring payment of the taxes listed below, must notify this information to the tax administrator. An alert can be sent also via email.

- The above-mentioned groups are allowed to pay VAT for the months of December 2020, January 2021, February 2021 and March 2021, or for the tax periods 4th quarter 2020 and 1st quarter 2021 without penalty (interest on arrears) until 16 August 2021. The relief is valid only for late payment of tax. It is not a waiver of the obligation to pay the tax. At the same time, everyone is required by default to file tax returns and audit reports in due time.
- The above groups may pay road tax for the tax period of 2020 without penalty (interest on arrears) until 16 August 2021. This is not a tax waiver as such, but only the possibility of a postponement of its payment.
- The above groups are exempted from the obligation to pay advances on road tax for the tax period of 2021 due by 1 April.
- The following tax reliefs also apply to all tax subjects (regardless of the impact of government measures on their business).
 - VAT payers are exempted from the penalties related to the value added tax return (fine and interest on arrears) and the control report for February 2021. The condition is that on April 15, 2021, tax returns must be filed and the tax paid.
 - Those entities that have been allowed to delay paying tax due to



CORONAVIRUS TAX RELIEF



the COVID-19 pandemic are forgiven for interest on arrears incurred until 16 August 2021. In other words, anyone to whom the tax office has allowed a delay, will not be forced to pay the relevant interest until 16 August 2021.

- There is an extension of the general waiver of the administrative fee for submitting applications to the tax or customs office by 16 August 2021. This concerns the following situations:
 - request for remission of interest on arrears,
 - a request for permission to delay, or to make payment by instalments,
 - application for a refund of taxes on imports and remission of customs arrears,
 - request for confirmation of debt-free status
- All entrepreneurs who are liable for road tax are allowed to file a tax return for this tax without penalty (fines for late filing) by April 1, 2021. At the same time, this tax can be paid without penalty (interest on arrears) by 1. 4. 2021. There is thus a de facto extension of the deadline for filing returns and payment, by 3 months (from the original 30 January 2021). Please note that the deferral of the tax payment until 16 August 2021 (see above) only applies to entities affected by government restrictions.
- Last but not least, all those who are obliged to file a tax return or partial tax return for real estate tax for the tax period of 2021 can file this return without penalty (fine for late filing) by April 1, 2021. Again, as in the case of road tax, the deadline for filing a tax return is de facto postponed.

- Value added tax payers who supply in vitro diagnostic medical devices for testing for COVID-19 in the period from 1 January 2021 to 31 December 2022, as well as vaccines against this disease, will not pay VAT on this. This is a tax relief motivated by the provision of rapid and accessible access to vaccines and diagnostic tools.
- In addition to the new measures, it is possible to use the existing options:
 - It is possible to ask the tax administrator for deferral of a tax liability or to make payment in instalments.
 - Entrepreneurs may request a reduction or cancellation of advances (even those not directly covered by the automatic waiver of the Minister of Finance).
 - If an entrepreneur expects a tax loss for 2020, he can claim a refund of income tax paid in the previous two years up to the amount of this loss (2018 and 2019).
- Additional information can be found in Financial Newsletters <u>No. 35/2020</u>, <u>No.</u> <u>38/</u>2020 and <u>No. 3/2021</u>.

