



## COVID-19 TAX UPDATE 19/03/2020

### TAX PROVISIONS IN LEGISLATION TO ASSIST BUSINESSES DURING THE COVID-19 CRISIS

**Delay up to 30.000€ in tax payments with minimum formalities and cost**

To date, the provisions incorporated into new tax legislation to help businesses during the Covid-19 crisis are not particularly wide-ranging.

In this article we describe these in full.

#### **Postponement of tax payments available to small businesses**

All businesses whose sales for the year ended 31 December 2019 were less than 6.010.121,04€ have the right to postpone tax payable relating to tax declarations due for presentation between 13th March and 30th May 2020.

The taxes involved are IVA, IRPF (employee/professionals/landlord/dividend/interest etc withholding taxes) and corporation tax.

The maximum payment delay is 6 months with the first 3 months being interest free. Interest on the second six months is at 3,75%,

No guarantees need to be provided up to 30.000 € and amounts over this limit will require the provision of some kind of guarantee, typically a charge over property or other tangible assets.

In the case that tax liabilities exceed the 30.000€ limit and providing guarantees is not attractive then it will be possible to part pay taxes to bring the unpaid balance down to 30.000€ and claim postponement of this amount only.

**This is by far the most useful of all the measures proposed to help small businesses and we expect almost all businesses will make use of it.**

**Normal tax filing deadlines**

**Deadline to file the tax declarations, including informative ones (M720, VAT, retentions, IRPF, etc).**

The deadline to submit and, where applicable, pay tax due has not been changed.

The deadline to file the quarterly business tax declarations for the first quarter remains 20th April.

The only personal tax declaration due imminently is the M720 foreign asset declaration which is due on 31 March 2020.

**Tax debts payment deadlines extended**

**Payment of tax debts.**

If the tax office has previously notified an assessment to pay a tax debt, and the

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#### Delayed responses to tax notifications

deadline for the payment is after 18 March 2020, this deadline is automatically extended to 30 April 2020.

If, however, the tax office notifies a tax assessment after 18 March 2020, the deadline is automatically extended to 20 May 2020 or a later date if the tax office notification states this.

#### Tax notifications received.

When the tax office sends a notification, they normally give 10 or 15 working days to respond.

Under the new Covid-19 rules, if the tax office has previously notified the commencement of a limited tax review (a requerimiento), a letter requesting information, a letter proposing a tax assessment or a tax fine, or a letter related to the request of tax refunds, and the deadline to respond is after 18 March 2020, then this deadline for response is automatically extended to 30 April 2020.

Similarly, if the tax office sends one of these notifications after 18 March 2020, the deadline is automatically extended to 20 May 2020 or a later date if the tax office notification mentions this.

Finally, if the tax office notification is related to the completion of an administrative procedure, giving the tax payer the right to submit a formal appeal (recurso reposición or TEARA), the one month deadline given by the tax office in this notification will start counting from 1 May 2020. This applies to any tax decision notified after 14 March 2020.

#### Tax office inspections.

As these inspections are mostly carried out with face to face meetings with the tax inspectors, any tax inspections procedures started before 18 March 2020 that required a meeting or that require submitting information and documents, are, in general, suspended until 30 April.

If for some reason a tax inspector issues any notification related to a tax inspection, the deadline to respond is extended to 20 May 2020.

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