



COVID-19: EMEA VAT specific measures

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Due to the impact of COVID-19, many countries across the globe are offering various reliefs for paying and reporting VAT. Please find outlined below an update of measures in the EMEA region. As announcements are being made daily, this high level overview document will be updated regularly but we cannot guarantee completeness.

Country specific measures

Austria

Introduced a VAT payment and penalty deferment application scheme for businesses. Annual VAT return deadline is extended to August 31, 2020.

Bahrain

There have been no changes announced at this time.

Belgium

Introduced a VAT payment and filing delay scheme, if difficulties are experienced due to Covid-19

Croatia

There is a proposal for VAT payments based on invoice settlements for three months – a VAT payment deferment and repayment scheme.

Cyprus

Draft Bills were passed into Law as below:

For VAT returns relating to periods ending on 29th February 2020, 31st March 2020 and 30th April 2020, no penalty or interest will apply for late payment, subject to the condition that the VAT return is submitted on time in accordance with the provisions of the VAT Law. The related payable tax is discharged until 10th November 2020.

Taxable persons whose activity codes are 35111, 36001, 47111, 47112, 47191, 47211, 47221, 47221, 47231, 47241, 47242, 47301, 47411, 47611, 47621, 47651, 47731, 61101, 61301, 61901 are excluded from the concession, which relates to:

- Electricity generation;
- Collection and distribution of water for irrigation;
- Pharmacies;
- Supermarkets, mini-markets and food retailers;
- Petrol stations;
- Computer hardware/software retailers;
- Book, newspaper and stationery as well as toys/games retailers;
- Internet services, satellite and other telecommunication services.

The proposal to reduction of VAT rate was removed from the draft bill altogether, therefore there is **no change at this point in the existing VAT rates** (19% standard rate, 9% higher reduced rate, 5% lower reduced rate).

Czech Republic

Limited VAT measures for businesses.

Denmark

Introduced VAT filing and payments delays for all businesses

Estonia

No tax interest is calculated from tax debt between 1 March – 1 May 2020. After that interest from tax debt is cut by 50% compared to normal.

European Union

The commission waives customs duties and VAT on the import of medical equipment from non-EU countries.

On 3 April, the European Commission published a decision helping Member States affected by the coronavirus pandemic to temporarily suspend customs duties and VAT on protective equipment, testing kits or medical devices such as ventilators. This will make it easier to get the medical equipment that doctors, nurses and patients desperately need. The measure will apply for a period of six months, with a possibility for further extension.

On 20 March, the European Commission invited all Member States, as well as the UK, to formally request lifting customs duties and VAT on imports of necessary medical equipment during the crisis. All Member States and the UK have done so. The Commission has swiftly approved requests received from all Member States and the UK.

The Commission decision will be applicable from 30 January 2020 until 31 July 2020. This allows imports carried out during the incipient phase of the outbreak to also benefit from the exemption.

Finland

No late payment charges on VAT settlements, if caused by Covid-19

France

VAT has been expressly excluded from the Covid-19 tax measures permitting French businesses to defer reporting and payment of certain taxes (i.e. CIT, payroll tax and certain local taxes, property tax, "CFE", "CVAE"). Nevertheless, companies that experience difficulties to respect the deadlines for VAT filing and payment have been invited to contact their local French Tax Office to reach a negotiated agreement.

Finally, any company that wants the accelerated refund of a French VAT credit in 2020 may file such request with the French Tax Administration, signalling its urgency. The French Tax Offices have been given as instructions by the Ministry of Public Accounts to process VAT refund applications rapidly as these are part of their priority missions to enable continuity of business activities.

Germany

Businesses affected by the Covid-19 outbreak may apply for delayed VAT payments until end of 2020.

Greece

Has given a four-month extension to pay VAT that falls due at the end of March and April for the registered types of business that have postponed their operations. Certain goods that serve against the pandemic, such as protective masks, soaps, antiseptic fluids, have been transferred to the hyper-reduced rate of 6%.

Hungary

In Hungary, there are several government measures to counter the economic effects of the coronavirus, but not in connection with VAT or invoicing.



However, given the exceptional circumstances – the Hungarian tax authorities announced that amendment of the XSD-scheme to be uploaded to the online Invoice system is now postponed. Instead of the originally declared due date of 1 April 2020, the new 2.0 data structure/schema will have to be used only from 1 July 2020. Accordingly, the currently applicable 1.1 version can be applied for 3 additional months. However, the tax authority has emphasised that the 2.0 system can already be used in the live environment, simultaneously with the previous version. It has been recommended that the taxpayer adopt the new scheme as soon as possible.

Ireland

Revenue will work with taxpayers to help resolve their tax payment difficulties and rather than hope that these payment difficulties fix themselves in time, they are encouraging affected businesses to take the following practical steps:

Taxpayers should continue to file all tax returns, e.g., bi-monthly VAT returns on time, and engage with Revenue as soon as possible where they are facing difficulties in paying tax liabilities

Interest on late payments of January/February VAT liabilities are to be suspended. All Revenue debt enforcement activity will also be suspended until further notice. The revenue have also confirmed that the current tax clearance status will remain in place for all businesses over the coming months.

Italy

Introduced suspended payments for resident large businesses until end of March and for resident smaller enterprises end of June. Non-resident taxpayers must still meet 30 April filing deadline.

Kingdom of Saudi Arabia (KSA)

The government have announced the launch of several incentives aimed at stimulating the economy to all taxpayers who are registered or required to be registered under the KSA VAT legislations, including any non-resident persons who are obliged to pay VAT in the KSA. This applies to any VAT registration and/or amendment made from March 18 2020 – June 30 2020. For all entities that should have registered for VAT in KSA before March 18 2020, no late registration penalties will be imposed for applications received between 18 March and 30 June 2020. This applies to non-resident taxpayers as well. All taxpayers can make corrections on previously submitted VAT returns without incurring any penalties up until 30 June 2020.

Latvia

As of 1 April 2020, the SRS will refund overpaid input VAT within 30 days of the deadline for submission of the VAT return. There is a possibility to split into maturities or postpone tax payments in government-designated sectors for up to three years if the delay of said tax payment is due to the Covid-19 pandemic.

Lithuania

Introduced VAT payment deferment and penalty waiver. The Tax Authorities have published a list of taxpayers who are automatically exempt from default interest (from 16 March until the end of the emergency) and their taxes are not being recovered. These companies will have two months to pay taxes or sign tax loan (interest-free) contracts after the emergency has ended. Entrepreneurs who have not found themselves in the list, but who have also been adversely affected by COVID-19, can apply to their tax authorities for assistance with their business by submitting a simplified application.

Luxemburg

No late filing penalties will be applied until further notice.

Malta

VAT payment holiday for businesses and self-employed for March and April. VAT credit refunds will also be accelerated.

Netherlands

Introduced application of VAT payment holidays to businesses affected by the Covid-19 crisis. In practice: file your VAT return in time but do not make the payment. Finally, await for the assessment, and then apply for payment holidays.

Postponed enforcement of non-EU exporter of record rules.

Norway

12% VAT rate to 8% on public transport, cinema, sporting and cultural events. Allows postponed payment from April 14 to June 10.

Poland

Poland agreed to postpone new SAF-T reporting. Large Corporates were obliged to implement the new SAF-T as of 1 April 2020. This deadline has been postponed to 1 July 2020. The implementation of the CN classification of goods at lower VAT rates has been postponed from 1 April 2020 until 30 June 2020.

Portugal

No penalties on late VAT payments for businesses affected by Covid-19.

Romania

During the state of emergency, late payment interests and penalties will not be enforced for the taxes and contributions due between the state of emergency declaration date and 30 days after its cessation. The enforcement measures will stop or will not be initiated by the tax authorities, except for cases where the liabilities have resulted from criminal offence. The first deadline for payment of tax liabilities that could be covered by the Romanian fiscal measures taken in the context COVID pandemic is 25th of March.

Russia

There have been no changes announced at this time.

Slovenia

Several option for payment in instalments or deferral of tax.

Slovakia

Introduced delays for VAT filings

South Africa

There have been no changes announced at this time.

Spain

Introduced suspension of filing deadlines and announced VAT payment holidays for small businesses who apply for relief. The scheme is not available for large businesses (above €6m turnover) or if the VAT due is above €30k.

Sweden

No late penalty and interest fine on VAT payments for up to one year.



Switzerland

Late interest on unpaid VAT is deferred.

Turkey

The deadline of submission of VAT declarations required by all taxpayers in specifically listed industries in April, May and June has been extended until the end of July 27, 2020.

Taxpayers covered under the Economic Stability Shield Package:
The Artistic services such as retail trade including the shopping malls, iron and steel and metal industry, automotive manufacturing and trade, and manufacturing of parts and accessories for the automotive industry, storage and logistics activities, cinema and theatre, accommodation services, including tour operators and travel agencies, food and beverage services including restaurants, cafes, textile and apparel manufacturing and trade, and event and organization services, as well as health services, furniture manufacturing, mining and quarrying, building construction and special construction activities, publishing activities of books, newspapers, magazines and similar printed products including kitchen manufacture, car rental and printing, swimming pools, baths, spas, sports, games and wedding halls, barbershops and hairdressers, self-employed and those who keep books on the basis of balance sheet and business account, approximately 1.9 million citizens, who are taxpayers and earn income including taxpayers such as farmers, tailors, greengrocers, lawyers, financial advisers, architects, engineers, pharmacists, doctors, dentists, veterinarians, physiotherapists, developers, and artists

UAE

There have been no changes announced at this time.

UK

HMRC is automatically offering all UK VAT registered businesses a deferment from making VAT payments for 3 months. This means that the businesses does not need to pay over any VAT liabilities owed to HMRC that occur within the period from 20 March to 30 June 2020. The VAT return periods covered by the deferment are for periods ending 29 February, 31 March, 30 April 2020 and 31 May 2020. Businesses will have until 31 March 2021 to pay any outstanding liabilities owed to HMRC. HMRC have confirmed that businesses wishing to defer VAT payable do not need permission but do need to cancel direct debits as soon as possible to ensure payment is not taken automatically. VAT Payments on Account (POA) are also eligible for deferral.

In addition, MTD "Digital Links" requirement is postponed until periods starting April 2021. Tax payers will have until 01 April 2021 to have digital links in place.

How we can help

Grant Thornton's international indirect tax network across EMEA and the globe can assist you with understanding these changing Covid-19 measures and wider indirect tax requirements. As Covid-19 is causing pressures on cashflow, please talk to us to discuss how Grant Thornton can assist in maximising indirect tax cashflow and VAT recovery.

Please search for and join our VAT Club group on LinkedIn to view regular international indirect tax updates, alerts and news.

Contact us



Karen Robb
National Head of UK VAT and EMEA
VAT Leader
T +44 (0) 118 955 9166
E karen.robbs@uk.gt.com



Alex Baulf
Director, International Indirect Tax
T +44 (0)20 7728 2863
E alex.baulf@uk.gt.com