

## Coronavirus and VAT declarations: the administration proposes new practical provisions for companies facing difficulties

By Vanessa Irigoyen , Odile Courjon / April 8, 2020

Following a letter sent to MEDEF on April 2, the tax administration published practical solutions on its website concerning **the filing of future VAT returns** for businesses facing difficulties.

### The administration distinguishes 2 types of companies concerned.

Initially, for **companies that have difficulty gathering all the useful documents** , the administration specifies that it is permissible to apply the tolerance known as "tolerance for paid holidays". This tolerance makes it possible to pay only a deposit of 80% of the sum due under the responsibility of the company, while recalling that the margin of error tolerated is 20%.

On **the other hand, for the only companies that experienced a decline in revenue due to the current crisis, it is possible for them, for the duration of the confinement, and exceptionally, not to pay a fixed deposit of VAT under the following conditions :**

## For the declaration filed in April for the month of March:

- By default, fixed price of 80% of the amount declared for February or if the company has already made use of a deposit the previous month, fixed rate of 80% of the amount declared for January.
- If the activity has been stopped since mid-March (total closure) or in a very sharp decline (estimated at 50% or more): flat rate at 50% of the amount declared in respect of February or if the company has already made use of a deposit the previous month forfeited at 50% of the amount declared in respect of January.

## For the declaration filed in May for the month of April:

- Identical to the previous month if the confinement period is extended and makes it impossible to declare regularization on this date

## For the regularization declaration

- Adjustment of the VAT due according to the actual elements drawn from the activity over the whole of the previous months settled in the form of installments with allocation of the installments paid.

## In practice :

**When paying the deposit for one month in application of the specific measures, the amount must be mentioned online 5B and an express mention should be made, complete with the following keywords "COVID-19 deposit [reference to the month concerned] 2020: flat rate 80% or 50% of month X ".**

**During the adjustment declaration, it will be necessary to combine the elements relating to the past month with those of the preceding months which were the subject of a deposit and the sum of the deposits paid in the preceding months must be mentioned online 2C of the VAT framework deductible.**



Vanessa, Associate Lawyer, has over 15 years of experience in indirect taxation. She works with French and international clients in various sectors, in particular: pharmaceutical, e-business, aerospace and defense, [...]



### **Odile Courjon**

Odile Courjon, Associate Lawyer, has developed expertise on issues of indirect taxation (VAT, payroll tax, excise duties, export controls, customs) both in France and abroad. She [...]