



Special information

Fiscal measures to promote aid for people affected by the Corona crisis

By letter dated 9 April 2020 (IV C 4 - S 2223/19/10003), the Federal Ministry of Finance submitted comments on the tax measures to promote aid for people affected by the Corona crisis.

The tax concessions listed in the above letter apply exclusively to support and assistance for people affected by the Corona crisis.

In essence, we would like to inform you about the following measures at this point:

1. Simplified statement of funding

Normally, donations must be documented by a donation receipt in the sense of § 50 para. 1 EStDV (German Income Tax Execution Regulation).

According to the above letter, the **simplified donation certificate** is valid, without any limitation in terms of amount, for all special accounts opened by domestic public legal entities, domestic public services or by a recognized domestic association of non-statutory welfare agencies, including its member organizations, for the purpose described above.

For example, according to Section 50 para 4 sentence 1 no. 1 letter a) EStDV, the **cash deposit receipt or the account statement is** sufficient.

2. Grants to business partners

Grants from business assets **to business partners directly and not inconsiderably** affected by the Corona crisis for the **purpose of maintaining the business relationship** are, provided the grant is appropriate, **fully deductible operating expenses**.

The rule on the non-deductibility of gifts to business partners within the meaning of § 4 para 5 sentence 1 no. 1 EStG (German Income Tax Act) **does not** apply in this respect for reasons of equity.

3. Other grants and subsidies

If there are grants which do not meet the above conditions (see 2.), the **full deduction of operating expenses** must also be permitted here for reasons of equity, provided that the grant does not consist of money and is made to companies and institutions (e.g. hospitals) which have been directly and not insignificantly damaged by the Corona crisis or which are involved in coping with the Corona crisis.



In this case too, the rule on the non-deductibility of gifts to business partners within the meaning of § 4 para sentence 1 no. 1 EStG **does not** apply.

4. Wage donation

If employees **waive** the payment of, in particular, parts of their **wages in favour of a payment by the employer to a donation account** of an institution entitled to receive donations within the meaning of § 10b, paragraph 1, sentence 2 EStG, this part is **not part of the taxable wages**. The prerequisite for this is that the employer fulfils the conditions for use and documents this accordingly.

Without this provision, there would initially be an inflow of taxable salary to the employee. If there is no inflow of taxable income, these amounts may not be claimed as donations at the employee level.

The wage that is not included must be recorded separately in the payroll account and may not become part of the wage tax certificate.

5. Waiver of Supervisory Board remuneration

If Supervisory Board members **waive** parts of their **Supervisory Board remuneration** before it becomes due or is paid out in **favor of a payment by the stock corporation to a donation account** of an institution entitled to receive donations within the meaning of § 10b para. 1 sentence 2 EStG, this also **does not lead to taxable income**. Here, too, it is a prerequisite that the stock corporation fulfils the conditions for use and documents this accordingly. In the absence of an inflow of taxable operating income, these amounts may not be claimed as donations at the level of the Supervisory Board.

Note: Irrespective of this, the Company's expenses continue to be Supervisory Board compensation and not donations. Consequently, only 50 % of these expenses continue to be deductible as business expenses pursuant to § 10 No. 4 KStG (German Corporate Income Tax Act).

6. Gift tax

Insofar as donations constitute gifts (gratuitous donation), **tax exemptions in accordance with § 13 ErbStG** (German Inheritance and Gift Tax Act) can be granted if the relevant conditions are met. This includes, among other things, donations to **non-profit corporations** in accordance with § 13 Paragraph 1 No. 16 ErbStG and donations which are exclusively dedicated to **church, charitable or benevolent purposes**, provided that their use for this purpose is secured, § 13 Paragraph 1 No. 17 ErbStG.



Overview	usually	Corona control BMF from 9 April 2020
Proof of funding	Deduction of donations is only possible if the donations can be documented by a grant certificate (§ 50 Abs. 1 EStDV). Cash deposit receipt or bank statement only possible if donation max. 200 € (§ 50 Abs. 4 No. 2 EStDV).	Simplified proof of the grant, i.e. by means of a cash deposit receipt or bank statement, without any limit on the amount.
Grants to business partners	Gifts with a value of more than € 35 are excluded from the deduction of business expenses (§ 4 para. 5 sentence 1 no. 1 EStG).	Deduction of business expenses is possible without restriction, provided the conditions are met. The provision of § 4 para 5 sentence 1 no. 1 EStG does not apply.
Other grants and subsidies	Gifts with a value of more than € 35 are excluded from the deduction of business expenses (§ 4 para. 5 sentence 1 no. 1 EStG).	Deduction of business expenses is possible without restriction, provided the conditions are met. The provision of § 4 para 5 sentence 1 no. 1 EStG does not apply.
Wage donation (waiver of wages)	Inflow of taxable salary and subsequent possibility of donation, subject to the maximum limits.	No inflow of taxable salary. Donation deduction is not possible as a result.
Remuneration of the Supervisory Board (waiver of Supervisory Board remuneration)	Inflow of taxable business income and subsequent possibility of donation, subject to the maximum limits.	No inflow of taxable business income. Donation deduction is not possible as a result.



The above statements are only a non-binding compilation according to the current status. No liability is assumed for the correctness and completeness. We would be pleased to support you in checking and, if necessary, implementing the above measures in your company.

Your familiar contact persons are at your disposal regarding this matter.

In addition, you will find the contact persons who have dealt with the above topics in particular.



Robert Schäble

Auditor, tax consultant

robert.schaeble@sonntag-partner.de
phone: +49 821 57058 - 0



Andrea Seitz

Tax consultant

andrea.seitz@sonntag-partner.de
phone: +49 821 57058 - 0



Michael Ammer

Tax consultant

michael.ammer@sonntag-partner.de
phone: +49 821 57058 - 0

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Concluding remarks

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