



Special information Key points of the Corona economic stimulus package - implementation in the draft law - status 16 June 2020

In order to support families, companies and municipalities in better coping with the economic consequences of the Corona pandemic, the coalition committee agreed on the key points for an economic stimulus package on 3 June 2020.

The draft law was published by the Federal Ministry of Finance on 6 June 2020 under the reference BMF IV A 2 - S 1910/20/10062:002).

In the current version of the draft law on the Second Corona Emergency Aid Act (Deutscher Bundestag Drucksache 19/20058 of 16.06.2020), further measures are listed in comparison to the above-mentioned publication of the BMF.

Note in advance:

In addition to the tax aid measures, the draft law also provides for an adjustment of the limitation period for serious cases of tax evasion (§ 376 AO) from 10 years to 25 years as well as the introduction of a new § 375a AO.

Besides a new § 375a AO is introduced. This is to regulate that in future in cases of tax evasion unlawfully attained earnings - despite expiration of the tax claim - the collection of these earnings can be ordered after § 73 of the penal code. The provision covers not only the evaded taxes but also the interest to the extent that it is attributable to the evaded taxes.

Below we have provided you with an overview of the tax relief measures resulting from this draft law.

Finally, further key points of the Corona economic stimulus package are listed.



Tax measures included in the draft law (Second Corona Tax Assistance Act)

Measure	Remark / Note
Temporary reduction of VAT rates from 19 % to 16 % and from 7 % to 5 % from 1 July 2020 to 31 December 2020	At this point we refer to our special information on the temporary reduction of the VAT rate on our website.
Maturity of the import turnover tax	The due date shall be postponed to the 26th day of the second month following importation.
Child bonus of 300 Euro	A one-off child bonus of 300 euros per child for whom child benefit is due is paid. This bonus is offset against the child allowance in the same way as the child benefit.
Amount of relief for single parents	The amount of relief will be increased from the current EUR 1,908 to EUR 4,008. This increase applies to the years 2020 and 2021
Increase in tax loss carryback	For the years 2020 and 2021, the loss carryback is increased to EUR 5 million (EUR 10 million in the case of collective investment). The increase to EUR 5 million applies accordingly to corporation tax
Financially effective use of the loss carryback for the 2019 investment	Upon application, a lump sum of 30% of the total amount of income - excluding income from employment - of the 2019 assessment period will be deducted as loss carryback from 2020 (provisional loss carryback). The precondition is that the advance tax payments 2020 have already been reduced to EUR 0.00. The deduction of a higher amount than 30 % is possible if the higher probable loss carryback can be proven. Maximum EUR 5.0 million (EUR 10 million in the case of collective investment) For the assessment year 2020 a tax return is mandatory.



Measure	Remark / Note
Adjustment of advance payments 2019	<p>On application, the total amount of income - excluding income from employment - used as the basis for calculating the advance payments for the 2019 assessment period is reduced by a flat rate of 30%. This is subject to the condition that the advance payments in 2020 have been reduced to EUR 0.00.</p> <p>A higher amount than 30 % is possible if the higher probable loss carryback can be demonstrated.</p> <p>Maximum EUR 5.0 million (EUR 10 million in the case of joint assessment)</p> <p>At present, it can be assumed that the BMF letter on the flat-rate loss carryback, which is still valid, will be repealed, as the possibility of flat-rate loss carryback is covered by the new draft law.</p>
Declining balance depreciation 25 %, up to 2,5 times the straight-line depreciation	The declining balance method of depreciation is possible for movable fixed assets that were acquired or manufactured in 2020 and 2021.
Taxation of the private use of company cars that do not emit carbon dioxide.	The maximum amount of the gross list price is increased from 40,000 Euro to 60,000 Euro.
Extension of the reinvestment period of § 6b EStG	The period is extended by one year if the reserve pursuant to § 6b EStG would have to be released at the end of the fiscal year ending after February 28, 2020 and before January 1, 2021.
Extension of the periods ending in 2020 according to § 7g EStG	In the case of investment deductions claimed after 31 December 2016 and before 1 January 2018 in accordance with section 7g EStG, the investment period ends only at the end of the fourth financial year following the financial year in which the deduction was made.
Reduction factor according to § 35 EStG	The reduction factor for the crediting of trade tax will be raised from 3.8 to 4.0 from the assessment period 2020.
Trade tax Add-on allowance	The additional tax allowance under Section 8 No. 1 GewStG will be increased from EUR 100,000 to EUR 200,000 from the 2020 survey period.
Measure	Remark / Note
Tax research allowance	The maximum assessment base of the tax research allowance will be increased to EUR 4.0 million in the period 2020 to 2025.
Change in the distribution of turnover tax (§ 1 FAG)	



Other elements of the recovery package - planned measures

Bridging aid program

The program concerns small and medium-sized enterprises that have suffered a loss of turnover due to corona. The volume is set at a maximum of 25 billion euros.

The bridging allowance shall be granted for the months June to August.

It applies across all sectors, with due account being taken of the specificities of sectors which are massively affected (e.g. hotels and restaurants, caterers, pubs, travel agencies, event industry).

Entitled are:

Companies whose sales in April and May 2020 were at least 60% lower than in April and May 2019 due to corona effects **and** whose sales in the months June to August 2020 were at least 50% lower than in the same period of the previous year. For companies founded after April 2019, the months November and December 2019 are to be used.

the amount of the refunds:

- > 50 % of fixed operating costs in the event of a decline in sales of at least 50 % compared to the same month of the previous year
- > 80 % of fixed operating costs in the event of a decline in sales of at least 70 % compared to the same month of the previous year
- > Maximum EUR 150,000 for 3 months.

The reimbursement amount should only exceed EUR 9,000 for enterprises with up to 5 employees and EUR 15,000 for enterprises with up to 10 employees in justified exceptional cases.

Condition:

Any claimed reductions in turnover and fixed operating costs must be audited and confirmed by a tax consultant or auditor in a suitable manner.

Deadlines:

The application deadline is 31 August 2020 at the latest, the payment deadline is 30 November 2020.

Social guarantee 2021

In order to protect the net income of employees and to avoid an increase in non-wage labor costs, social security contributions will be stabilized at a maximum of 40% until 2021. The financial requirements beyond this will be covered by the federal budget.



EEG levy

The EEG levy threatens to rise sharply in 2021 due to the corona-induced decline in economic output and the associated drop in the price of electricity on the stock exchange. From 2021, the SESTA will provide a subsidy from federal budget funds for the gradual reduction of the EEG levy, so that it will be 6.5 ct/kwh in 2021 and 6.0 ct/kwh in 2022.

Corporate income tax / trade tax

An option model for corporate income tax for partnerships is under discussion, but has not yet been considered in the Second Corona Tax Assistance Act.

Co-investment

The opportunities for employee participation should become more attractive. The special situation of start-up companies should also be taken into account.

Restart after insolvency

For companies that got into financial difficulties through no fault of their own and could not be rescued despite corona measures, the restart after an insolvency should be facilitated and accelerated.

For this reason, the debt relief procedure for natural persons should be shortened to 3 years - accompanied by sufficient measures to prevent abuse. The reduction should be limited in time for consumers and the debtors' application behavior should be evaluated after a reasonable period of time, also with regard to possible negative effects on payment and economic behavior. In the area of corporate insolvencies, a pre-institutional restructuring procedure is to be introduced.

Debureaucratisation

In order to be able to quickly convert public investment promotion measures into concrete investment projects, public procurement law is to be temporarily simplified. are being considered:

- > Shortening the deadlines for EU procurement procedures
- > Adaptation of the thresholds for restricted invitations to tender
- > Freehand awards in Germany

The Länder are also called upon to implement simplifications. The aim is to initiate a program at European level to reduce bureaucracy, speed up planning law, simplify public procurement law and reform competition law.

Short-time work compensation

By September 2020, the regulations for short-time working compensation are to be in place from 1 January 2021.

Promotion of training

Small and medium-sized enterprises that do not reduce their training places in 2020 compared to the three previous years will receive a one-off premium of 2,000 euros for each newly concluded training contract, which will be paid out after the end of the probationary period.

Companies that increase the number of training places will receive 3,000 euros for the additional training contracts.



Companies that continue their training activities despite Corona and do not put the trainers and trainees on short-time work can receive support.

Enterprises which are unable to continue the training should be given the opportunity of a temporary subsidized collaborative or contract training. The details are not yet known.

Companies that additionally take on trainees who cannot continue their training due to the insolvency of their training company receive a take-over bonus.

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 these matters..

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



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Concluding remarks

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