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EXTENSION OF SPECIAL TAX DEFERRAL UNTIL 1 JULY 2021

We previously reported on the [extension of the special tax deferral in connection with the Corona crisis](#) (hereinafter: special deferral). The essence of the scheme is that companies that have payment difficulties as a result of the Corona crisis can be granted a special three-month deferral. If a longer special deferral is needed, it is possible to obtain an extension subject to certain conditions. The option of obtaining a special deferral or extension thereof has been expanded several times since its introduction, most recently by letter from the Ministry of Economic Affairs and Climate of 21 January 2021

(Reference: CE-AEP / 21019675).

Extension until 1 July 2021

Due to the continuing Corona crisis, the government has decided to extend the special deferral until 1 July 2021. As a result, companies that are unable to pay their tax debts due to the Corona crisis can apply for a special extension until 1 July 2021. If companies have already been granted a special three-month extension, this can be extended until 1 July 2021.

Conditions and consequences of (the extension of) the special deferral

Applying for a special deferral for the first time


When applying for a special deferral (in writing or via the Customs and Tax Administration's website) for the first time, a company must state (with reason) that the liquidity problems as a result of which it is unable to pay its tax debts are primarily attributable to the Corona crisis. Once granted, the special deferral applies to assessments of corporation tax, payroll taxes and turnover tax, among else. A special deferral is granted for outstanding tax assessments and subsequent assessments, for which the final payment date is three months after the date of submitting the application.

Application for an extension of a previously granted special deferral

If companies that have previously been granted a special deferral once again apply for an extension and this application is successful, the special deferral will be extended until 1 July 2021. The outstanding tax assessments and assessments for which the due date is before 1 July 2021 will then be included in the special deferral.

However, additional conditions apply to obtaining an extension of the special deferral compared to an initial request for special deferral. In addition to the justification described for an initial application, the company must state in its application for an extension that it will endeavour to maintain or strengthen its liquidity position. A ban on repurchasing own shares, distributing dividends and paying out bonuses or profit shares to board members or making other payments that have the characteristics of bonuses applies during the special deferral.

Furthermore, an additional obligation applies to companies whose total tax liability at the time of the first application for



a special deferral was € 20,000 or above. They are required to submit a statement of a third-party expert, including a liquidity forecast, with their application for extension of the special deferral.

Repayment of tax debts related to the special deferral

A generous repayment scheme has been introduced for the tax assessments related to the special deferral (whether or not extended). These assessments may be repaid over 36 months as from 1 October 2021. However, this is subject to the important condition that the company complies with its tax return and payment obligations in a timely manner after the end of the special deferral.

There is odd distinction between the situation where a taxpayer has taken advantage of the (initial) three-month special deferral that has not been extended and the situation where an extension has been granted. In the former case, the pre-Corona tax debts (with a payment deadline before 12 March 2020) are not included in the 36-month period repayment scheme, but in the latter case, they are.

Concurrence of special deferral and notification of inability to pay

If a company is unable to pay its tax debts, it is important to communicate its inability to pay in a timely manner to the tax authorities in order to limit the risk of company directors' liability. This applies to unpaid wage tax, turnover tax and pension contributions, among other things. If a director is successfully held liable, the debt may be recovered from him personally.

Timely notification of inability to pay can prevent this. A notification is considered timely if it is made within two weeks after payment should have been made according to the tax return. However, at Corona Crisis Emergency Measures Decree has approved that insofar as the application for tax deferral pursuant to this Decree relates to the tax that should have been paid as from 12 March 2020, the application shall also be considered as a timely notification of inability to pay, unless it subsequently emerges that the payment inability is not primarily related to the consequences of the Corona crisis. Please note: the approval does not apply to the notification of inability to pay pension contributions, which requires regular notification.

Flowchart special tax deferral

In practice, we see that there is much confusion regarding the special deferral. For this reason, RSM has drawn up [a useful flowchart](#) that allows you to quickly see if you are eligible for a special deferral, as well as the conditions and consequences that apply to your situation.

More information?

If you would like more information about the above, please contact your trusted RSM advisor or send an email to: maatregelencorona@rsmnl.nl.