

DEADLINE EXTENDED FOR FILING TAX RETURNS AND PAYMENT OF TAXES

DEADLINE EXTENDED FOR TAX AUDITS

FILING OF TAX RETURNS DEFERRED TO 30 JUNE 2020

The French Ministry of Budget has issued a release dated 17 April 2020 (n° 1013) extending the deadline for filing the tax returns of companies that closed their financial year on 31 December 2019 to 30 June 2020 (instead of 20 May 2020).

The postponement of the tax returns includes those filed by non profit organisation, look through entities and real estate companies.

The extended deadline applies to all other tax returns, including:

- CVAE form n° 1330 related to tax based on corporate added value (from 20 May to 30 June 2020);
- Corporate income tax statement (from 20 May 2020 to 30 June 2020).

The payment of corporate income tax balance and CVAE balance of the FY 2019 can be deferred until 30 June 2020 at the latest.

Finally, the French Ministry of Budget has announced that any company experiencing cashflow difficulties could ask to defer the payment of their dues.

For large companies and large groups (more than 5,000 employees or 1.5 billion euros in sales), extensions of payment deadlines will only be granted if no dividend payments or share buybacks are made until the end of the year.

ADJUSTMENT OF THE DEADLINES INHERENT TO TAX AUDITS

The French tax authorities have suspended their tax audits program. More precisely:

- No new on-site inspections should be carried out in the coming weeks, except in very exceptional cases;
- For ongoing inspections, all non-urgent operations are deferred. The inspection services remain operational but any exchanges taking place remotely should be carried out in agreement with taxpayers;
- The sending of proposals for rectification would be deferred, unless a statute of limitation applies.

The French tax authorities have also issued a statement (n° 2020-306 of 25 March 2020) setting out specific provisions for tax audits and actions to be carried over (commented in a recent tax regulation dated 3 April 2020).

Firstly, the statute of limitations authorising the French tax authorities ("FTA") to reassess tax returns, which would normally be statute-barred by 31 December 2020, are suspended until the expiry of one month from the date of cessation of the declared public health emergency ("reference period").

The FTA will therefore have an additional period of more than three months, at this stage, to notify adjustments to taxes that would normally be statute-barred as of 31 December 2020.

For example, the FTA will be able to audit a financial year ending in 2017 and notify a proposal for a corporate tax or income tax adjustment up until April 12, 2021.

Secondly, all the time limits for tax audits imposed on both taxpayers and the FTA are suspended throughout the reference period.

Specifically, a period that would have started to run before March 12, 2020 is suspended during the reference period and will start to run again at the end of the reference period, whereas a period that should have started to run during the reference period will only start to run again at the end of the reference period.

This suspension applies, for example, to the three-month time limit for on-site inspections (Article L. 52 of the French tax procedures code), the time limit for the examination of the personal tax situation (Article L. 12 of the same code), the time limit for the taxpayer to respond to a proposed tax reassessment (Article L. 57 of the same code), the time limit for the FTA to respond to these observations (Article L. 57 A of the same code), or the time limits for referring certain commissions.

For example:

1. A proposed tax reassessment was received on March 2, 2020 and the taxpayer had 30 days to respond. This 30-day time limit ceases to run as of March 12, 2020. The clock will restart and the time limit will continue to run from the expiry of the reference period, i.e. at this stage on June 25, 2020.

2. A proposed tax reassessment was received on March 16, 2020. The 30-day time limit for the taxpayer to respond will start to run from the expiry of the reference period, i.e. at this stage on June 25, 2020.

The tax instruction that has been issued gives concrete examples of this suspension of time limits.

This suspension is welcome for taxpayers who, with the help of their counsel, can better prepare their defence and facilitate the resolution of their disputes during the pre-litigation phase.

Text quoted:

- Letter of Budget Ministry dated 17 April 2020
- Order No. 2020-306 of 25 March 2020 on the extension of time limits during the period of public health emergencies and the adaptation of procedures during the same period
- BOI-DJC-COVID19-20-20200403

Your contacts :

Philippe de Guyenro

Partner
M: +33 6 0918 4026
E: pdeguyenro@rmt.fr

Olivier Goldstein

Partner
M: +33 6 2518 4434
E: goldstein@rmt.fr