



Liquidity support to businesses – deferred payments

In an attempt to meet the financial challenges that Danish businesses may now be facing due to the Covid-19 pandemic disease, the Danish Ministry of Taxation has announced that these businesses may be granted a respite on their payments to the Danish Tax Agency. This not only applies to the payment of corporate income tax and VAT but also to the payment of payroll tax.

Please note that the following payments may be deferred:

VAT

Large businesses (e.g. businesses with an annual turnover subject to VAT of DKK 50 million) which settle their payments on a monthly basis may now defer their payments for March, April and May 2020 for 30 days. If say a business should have paid VAT for the period 1 to 31 March on 27 April 2020, the deadline will now be 25 May 2020.

For small businesses, a decision to defer payments has not yet been made. However, the Danish Ministry of Taxation says that this is currently being considered.

The initiative does not include other indirect taxes than VAT, for which reason the deadlines for various excise duties will remain unchanged for the time being.

“A” tax and labour market contributions

The payment of “A” tax and labour market contributions for the April, May and June 2020 salaries will be deferred for four months.

For small businesses which usually pay “A” tax, etc. on the 10 of the following month, the payment of “A” tax

or labour market contribution for April due for payment on 11 May will therefore be deferred until 10 September 2020. As for large businesses which usually settle their payments on the last banking day of the month, their payment of “A” tax, etc. for June 2020 will also be deferred and not have to be made until 30 October 2020.

On-account tax relating to corporate income tax

As for the payment of on-account tax covering the first six months of 2020 with a related payment due on 20 March, these businesses may opt to reduce the payment themselves. If so, it is a precondition that the business expects a significant change in income in 2020. The Danish Tax Agency may then at a later stage ask for documentation of this assessment being correct.

The adjustment of rules and systems is not yet in place but will be soon. Consequently, businesses should already now start to adjust their own routines if their liquidity is to be kept in-house.

Contact

Please do not hesitate to contact us if you have any questions.