

The Danish Parliament adopts emergency law deferring payment deadlines for tax and vat for Danish companies

On 17 March 2020, the Danish Parliament (Folketing) approved a bill on the temporary deferral of payments of withheld tax and labour market contributions, B-tax and interim labour market contributions, as well as the temporary deferral of declaration and payment deadlines and the extension of tax periods for VAT, etc.



The Act is a part of the Danish government's aid package published on 11 and 16 March 2020. This package is intended to relieve the pressure on Danish companies' economy after the outbreak of the coronavirus (COVID-19).

Deferral of withheld tax and labour market contributions

The adopted act temporarily extends the payment deadline for withheld A-tax and labour market contributions with effect for the months of April 2020 through June 2020, so that the A-tax and the labour market contribution withheld those months, must be paid four months later than usual.

For small and medium-sized companies, the payment deadlines are amended as follows:

- The deadline 11 May 2020 is moved to 10 September 2020
- The deadline 10 June 2020 is moved to 12 October 2020
- The deadline 10 July 2020 is moved to 10 September 2020

For large companies, the payment deadlines are amended as follows:

- The deadline 30 April 2020 is moved to 31 August 2020
- The deadline 29 May 2020 is moved to 30 September 2020
- The deadline 30 June 2020 is moved to 30 October 2020

The reporting deadlines will not change.

Deferral of B-taxes for self-employed persons

The Folketing has also decided to defer the deadline for the payment of B-taxes, which will particularly benefit the self-employed. No B-taxes will be paid for the months of April and May.

The payment deadline for B-taxes is amended as follows:

- The payment deadline 20 April 2020 is moved to 22 June 2020
- The payment deadline 20 May 2020 is moved to 21 December 2020

In cases where the self-employed experiences an urgent need to increase liquidity, the self-employed can downgrade the company's expected profits via TastSelv. The downgrade will automatically result in lower or no collection of B-taxes.

Deferral of the VAT deadlines

The payment of VAT for small and medium-sized companies is deferred by adding two tax periods. This means that the payment deadline for the first tax period is deferred to correspond to the payment deadline for the second tax period, thereby increasing the liquidity until VAT is settled for the second half of the year.

Payment deadline for small businesses to settle VAT for the first half of 2020 is postponed as follows:

- The deadline 1 September 2020 is moved to 1 March 2021

Companies will then have to settle VAT for both halves of 2020 on 1 March 2021.

The payment deadline for medium-sized companies to settle VAT for the first half of 2020 is postponed as follows:

- The deadline of 2 June 2020 is moved to 1 September 2020, which coincides with the time when the companies settle VAT for the second quarter of 2020.

For large companies with monthly settlement, the reporting and payment deadline is amended as follows:

- The deadline 27 April 2020 is moved to 25 May 2020
- The deadline 25 May 2020 is moved to 25 June 2020
- The deadline 25 June 2020 is moved to 27 July 2020

However, companies to be reimbursed for VAT (negative VAT) may still receive VAT within the current deadlines.

It is important to stress that deferring VAT only helps if you have income subject to VAT that is than expenditure. If sales have plummeted to zero, then the postponement of the deadline for VAT does not help.

Are the new initiatives relevant to you?

Are you unsure whether your company can take advantage of the government's new measures or would you like help to defer the payment of tax and/or VAT? Then feel free to contact Partner Robert Mikelsons, who head NJORD's tax specialist group. NJORD assists both large and small businesses in the areas of tax and VAT daily.



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