



Global Employment Taxes Newsletter

Covid-19 March 2020 Edition

Introduction

This special edition provides the latest updates and measures from governments around the world in response to the coronavirus (COVID-19) threat. Many countries are implementing emergency legislation including tax reliefs, state support with sick and absence pay and help for employers to keep their businesses open, support their economies and protect jobs. We have summarised the latest measures designed to help employers in this edition.

This is a very fast moving area, with announcements from governments daily – please confirm with your local PwC office if further announcements have been made.



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Australia

Western Australia

- Businesses paying payroll tax, with a payroll between \$1m and \$4m will receive a one-off grant of \$17,500.
- In addition, the increase of the payroll tax threshold to \$1m will be fast-tracked to 1 July 2020, six months before the originally planned date. This means smaller businesses will potentially be able to fall out of the payroll tax regime sooner than before.
- Small and medium-sized businesses, who pay \$7.5m or less in Australian taxable wages and have been affected by COVID-19, can apply for a deferral of their 2019/20 payroll tax payment until 21 July 2020.

Queensland

- The QLD Government will offer \$500m in loans, and extend payroll tax deferral to all affected businesses.
- The \$500m concessional loan facility will comprise of loans up to \$250,000 with an initial 12-month interest-free period.
- Judging from the popularity of its initial payroll tax deferral available to small and medium businesses, the QLD Government will extend the offer of a six-month payroll tax deferral to all affected QLD businesses.

New South Wales

- The NSW Government has announced the waiver of payroll tax for businesses with payrolls of up to \$10m, for the months from April to June 2020.
- Also, the payroll tax threshold will be raised to \$1m in 2020/21, thereby bringing forward another round of payroll tax cuts for eligible businesses.
- As part of its support package, additional measures include waiving of fees and charges for small businesses, employment of additional cleaners of public infrastructure, and bringing forward maintenance of public assets and capital works.

Argentina

- The Government will exempt Payroll contributions for those economic sectors critically impacted by the coronavirus pandemic including restaurants, transport and hotels.
- Argentina government will expand the programs for productive recovery in order to secure employment in those areas impacted by the emergency.
- Argentina are also reinforcing the unemployment insurance.

Bulgaria

Bulgaria have made amendments to the Social Security Code to provide the possibility of exercising social security rights and guarantee the right to citizens' cash benefits, benefits and pensions.

Belgium

- It was decided that as from Saturday 14 March, the presence of a worker at his home in particular to carry out telework, will not be taken into account in the calculation of the 24-days in a calendar for which tax residents of Belgium, who (under normal circumstances) work in Luxembourg, can work outside the territory of Luxembourg without attributing taxation power to Belgium.
- If companies prove that they are facing difficulties directly resulting from the coronavirus spread, they can request for payment arrangements for wage withholding taxes and income tax on legal entities. The request for such arrangements should be motivated and formally filed prior to 30 June 2020 and the payment arrangements in question are: payment by instalments, exemption of late payment interest and, remission of fines due to non-payment. One request can be filed per debt from the moment a request for payment or an assessment notice has been received. Although the instruction is not clear regarding spontaneously payable taxes, such as wage withholding taxes, we suggest filing a request for those payments as well. The form can be found on the website of the Belgian tax authorities and should be filed via e-mail or via regular mail to the competent tax office.
- For self-employed individuals the following measures have been taken: reduction of the income tax prepayments if, due to the economic consequences of the current pandemic, the individual's taxable income decreases, deferral or exemption from payment social security contributions and, under certain conditions, they can be entitled to transitional rights which include a replacement income.

Canada

- The government is proposing to provide eligible small employers a temporary wage subsidy for a period of three months. The subsidy will be equal to 10% of remuneration paid during that period, up to a maximum subsidy of \$1,375 per employee and \$25,000 per employer.
- They have also relaxed the requirements to qualify for Employment Insurance (EI), this includes waiving the one-week waiting period to claim the benefit. There will also be care benefits for workers who have to work reduced hours or whose employer is forced to close.
- Canada have also introduced the emergency Care Benefit, this is a \$900 bi-weekly payment for up to 15 weeks for workers who are quarantined or sick with COVID-19 but do not qualify for EI, or who are taking care of family who are sick. It is also provided to people who cannot work due to closures.
- The Government is proposing to provide a one-time special payment by early May 2020 that will double the maximum annual GSTC payment amounts for the 2019-20 benefit year. On average this will boost income to \$400 for single individuals and \$600 for couples.

China

- Where enterprises or individuals donate cash or articles to aid with the coronavirus crisis to non-profit social organizations, government departments at or above the county level, or other state organisations, these donations are fully deductible from taxable income.
- Where enterprises and individuals directly donate articles to hospitals undertaking coronavirus epidemic prevention tasks, these donations are fully deductible from taxable income.
- Temporary subsidies and bonuses given to medical staff and epidemic prevention workers are exempt from individual income tax.
- Drugs, medical supplies, protective equipment and so on (not including cash) provided by entities to individuals to prevent novel coronavirus infection will not be included in taxable employment income from wages and salaries will be exempted from individual income tax.
- During the period from 1 March 2020 to 31 May 2020, individually-owned businesses, sole proprietorship enterprises and partnership enterprises in Hubei Province shall, at the time of issuance of VAT invoices for freight transport services, be temporarily exempted from pre-levying of individual income tax; the aforesaid taxpayers in other regions shall be subject to pre-levying of individual income tax based on 0.5% of the invoice amount issued on their behalf.

Czech Republic

- Czech Ministry of Finance published an official decree by which the 2019 personal income tax return filing deadline is effectively extended until 1 July 2020 (instead of the standard deadline on 1 April 2020).
- The effective extension will be managed by full waiver of all penalties, including late payment interests, that would normally occur for late filing.

Denmark

- Extended payment period for PAYE Tax, B-income tax and labour market contribution.
- Companies payment deadlines related to PAYE Tax and labour market contributions for April, May and June 2020 are postponed for 4 months for large enterprises. The reporting deadlines are not extended.

Payment of employee taxes move terms: Small enterprises:

- April - deadline 11 May moves to 10 September;
- May - deadline 10 June moves to 12 October;
- June - deadline 11 July moves to 10 November

Large enterprises:

- April - deadline 30 April moves to 31 August,
 - May - deadline 29 May moves to 30 September,
 - June - deadline 30 June moves to 30 October
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- For B-income tax etc. (self-employed businesses), payment of the instalment for April is postponed to June 2020, and payment of the instalment for May is postponed to December 2020.

France

- From Saturday 14 March, the number of days a Belgian tax resident worker, who works in Luxembourg, spends homeworking in Belgium will not be taken into account for the calculation of the 24-days in a calendar year for which this category of worker can work outside the territory of Luxembourg without attributing taxation power to Belgium.
- Social security contributions due to "Urssaf" on March 15, 2020 (this deadline applies mostly to companies with less than 50 employees) can be paid with a maximum 3 months deferral, without any justification and without any penalties. Supplementary pension contributions "Agirc-Arrco" due on March 25 by all companies, whatever their size, can also be deferred.
- Employees personal income tax withheld at source by the employer cannot benefit from any deferral.
- Independent workers can request the deferral of their social security contributions (due to ""Urssaf"") due on March 20

Germany

- Germany will make it easier for companies to claim subsidies to support workers on reduced working hours to counter the effects of the pandemic.
- The government has also discussed whether the reform to the solidarity tax (a 5.5 percent surcharge on high-income earners) should be brought forward a year, and apply in 2020 rather than in 2021.

Greece

- Employees whose contract of employment is temporarily suspended because their employing company has been State mandated to suspend operations will receive compensation of EUR 800. The State will fully cover the insurance, pension and health rights of these workers and their social security contributions on the basis of their total nominal wages.
- A job retention clause will apply for all businesses whose operations have not been suspended as a condition of being able to suspend payment of social security and tax liabilities and the use of exceptional financial support tools.
- Explicit prohibition of dismissal of employees in companies whose operation is suspended by order of a public authority, and in the event that the dismissal takes place, it will be annulled.
- Extension of the regular unemployment benefit payment, as well as the long-term unemployment benefit and unemployment benefit to self-employed individuals, for a further 2 months, to those unemployed whose relative entitlement to benefit expires on 31 March.
- Suspension for 3 months of payment of February contributions by companies, freelancers and self-employed individuals, without interest and surcharges.
- Suspension of payment of settled debts to insurance funds for 3 months for all affected companies.
- Extension of the deadline or suspension of payment of certified debts pertaining to social security contributions (SSC), as well as of instalments of SSC debt payment arrangements.
- Obligation to report changes of working hours and overtime arrangements is suspended.
- Employers may unilaterally determine the provision of teleworking as an extraordinary measure, to the extent that this is feasible from an organizational and technical perspective
- Granting of special purpose leave to employees who are parents.

Ireland

Employees who are temporarily laid off for the period can apply for a special new COVID-19 Pandemic Unemployment Payment. The payment will be paid for a period of 6 weeks at a flat rate payment of €203 per week. Arrangements are now also being made to facilitate the topping up of this payment by employers who can afford to do so.

Pre-existing tax reliefs to support home working employees in certain circumstances have been extended to make them available to the broader workforce now working remotely.

The Revenue authorities have removed interest charges due on late payments of PAYE and VAT for smaller businesses and are facilitating temporary deferral of the taxes due. They also encourage larger businesses with cash flow / financial difficulties to engage with them and, in practice, are working constructively with businesses to alleviate the difficulty.

Indonesia

Indonesia plans to waive income tax for individuals for six months as it seeks to boost purchasing power. A second stimulus package will allow firms to delay payments of corporate and income tax on the sale of imported goods. These measures will be effective from April 1st and last for six months.

Jamaica

The 2019 Income Tax Filing & Payment Deadline has been extended from 15 March 2020 to 25 March 2020 for all companies and individuals

Japan

- Individual income tax (resident and non-resident individual income tax returns), gift income and local and national consumption tax, as well as other forms connected to these returns are delayed until 16 April.

Kazakhstan

- 30 calendar days of extension are granted for legal entity and individual declarations where the deadline for submission falls within the period of the state of emergency;
- The Tax Code provides for a deferral of arrears and a suspension of Late Payment Interest accruals in cases where tax is delayed due to the state of emergency;
- Sending notifications based on the results of camerlal control will be suspended for the period of the state of emergency;
- The number of tax and customs inspections with on-site visits are minimized;
- Administrative liability issues will be considered after the end of the state of emergency only.

Lithuania

- The 2019 Income Tax Filing & Payment Deadline has been extended from 15 March 2020 to 25 March 2020 for all companies and individuals

Norway

Central Bank of Norway

- The CB has made an interest rate cut of 0.5 percentage point entailing that the key policy rate is reduced to 1.0 per cent to mitigate the expected negative financial implications of the virus outbreak.

Sick pay

- The employer-financed period of sickness benefits related to the corona pandemic is reduced from 16 to 3 calendar days.
- The National Insurance provides sickness benefits connected with the corona pandemic to self-employed persons and freelancers as of the fourth day of sickness.

Care benefit

- The employer-financed period of care benefits linked to the corona pandemic is reduced from ten to three days. The National Insurance provides care benefits for self-employed persons and freelancers as from the fourth day with a similar coverage rate as for sickness benefits for self-employed persons.

Temporary lay-off

- The employer-financed period is reduced from 15 to 2 days
- The government covers full salary from day 3 to day 20 of temporary lay-offs
- The daily unemployment benefits scheme is changed so that employees can receive a higher share of income

- The income limit for entitlement to daily unemployment benefits are reduced
- The waiting period is set aside

Self-employed and freelancers

- They can receive a temporary income equivalent to 80% of their average income over the last three years, up to 6G. This can be received from day 17 after the loss of income.
- Self-employed persons and freelancers will be paid sick leave from day three. Furthermore, they can receive care benefits from day four.

Economic rescue package

- The Government have created a loan guarantee with a limit of 50 billion aimed at new bank loans to small and medium-sized enterprises in need of external financing. The purpose of the loan guarantee is to help small and medium-sized businesses with liquidity problems that have difficulty obtaining other external financing.
- They are restoring the Government bond fund with a limit of up to NOK 50 billion. The bond fund is a tool for the bond market in Norway, where the fund will buy bond loans issued by Norwegian companies. The purpose of a Government bond fund is to provide increased liquidity and capital access in the bond market, where many of the largest companies lend money.

New Zealand

Wage subsidies will be available to businesses that demonstrate a decline in monthly revenue of 30% and covers the period from January to June 2020. The payments will be \$585.80 per week for a full-time employee and \$350.00 per week for a part-time employee. The maximum amount any one employer can receive is \$150,00.

Paraguay

- The Tax Authority has issued a resolution establishing that payment of annual taxes can be made in 5 instalments.

Slovakia

- The intention is to move deadline for CIT and PIT (originally 31.3.2020) but not officially announced yet.

Portugal

- A reduction of social security contributions by 1/3 due in the months of March, April and May 2020 are in place. The payment of the remainder is postponed and should be made in the 3rd quarter 2020 onwards.
- The measure applies immediately to companies with up to 50 workers; companies with up to 250 workers can benefit from these measures, in case of a decrease of their turnover equal or higher than 20%.
- There is a suspension, for 3 months, of ongoing and new tax and social security compulsory procedures.

Sweden

- The government can fund a larger amount of an employer's salary costs if an agreement of reduced working hours is made between the employer and the employee. An employer can thereby reduce its salary costs by half. In addition, an employee will receive more than 90 percent of their salary. The proposal is proposed to come into force on April 7, 2020 and to be valid during 2020, but it will apply from March 16, 2020.
- Responsibility for sick pay: The government is proposed to temporarily take over the responsibility for all sick pay-costs during April and May 2020. Self-employed people are also compensated by receiving a standardized sickness benefit for day 1-14.

South Korea

- Give a 20 percent raise in wages to seniors in government's elderly job programs if they agree to receive 30 percent of their pay in local gift certificates
- Expand the employment support designed to promote employment retention and job training

Thailand

- Withholding tax reduction for service income from 3% to 1.5%. Tax allowance of Baht 200,000 for investment in Super Saving Funds. These measures are approved by the cabinet and are being enacted.

Turkey

- The annual Individual Income Tax Return submission has been postponed to 30 April 2020.
- The annual Personal Income Tax Return statutory filing deadline has been extended to 30.04.2020

United Kingdom

CoronaVirus Job Retention Scheme

- Chancellor Rishi Sunak announces that any employer in the UK can apply for a grant from HMRC to pay up to 80% of wages for employees who are unable to work due to Covid-19, up to a monthly cap of £2,500, on the condition that they are furloughed and not laid off. Detailed guidance to be published.

Statutory Sick Pay (SSP) Relaxation

- The government announced that it will make SSP available to individuals diagnosed with coronavirus from the first day of leave rather than the fourth day, subject to legislation. They have further announced that this will be extended to those who are unable to work because they are self-isolating in line with government advice. Planned legislation will also allow small and medium-sized businesses with fewer than 250 employees to reclaim up to two weeks worth of SSP paid for sickness absence under the new eligibility criteria.

“Time to Pay” Scheme Extended

- Businesses and those self-employed will be able to defer their tax payments in times of financial distress in the “Time to Pay” scheme to extend the time limit for paying tax back to HMRC.

IR35 Delays

- Chief treasury secretary Steve Barclay announced that the IR35 tax reforms would be pushed back by one year and will now be implemented in April 2021.

Ukraine

Penalties for violating personal income tax and unified social contribution compliance shall not apply.

Personal income tax:

- The deadline for the submission of 2019 annual tax returns is postponed from 30 April 2020 to 30 June 2020 the deadline for the payment of personal income tax and military tax based on such tax returns is postponed from 31 July 2020 to 30 September 2020
- Unified Social Contribution (USC)
- Individuals registered as private entrepreneurs, freelancers or farmers are exempt from the mandatory payment of USC for the periods from 1 to 31 March and from 1 to 30 April 2020 late payments and late reporting during 1 March – 30 April 2020 are not penalized a moratorium is set for audits by the state authorities for the period 18 March – 18 May 2020
- A temporary disability social allowance is available while confined to special healthcare institutions or self-isolation under medical supervision – 50% of the average monthly salary (income) but not more than the maximum income base from which USC was paid.

United States

A 'Stage Three' bill was introduced in the US Senate (the "CARES Act").

Among other things, the bill would:

- Provide rebate checks up to \$1,200 for many individual taxpayers;
- Extend the April 15th filing date to July 15th for individuals;
- Delay of estimated tax payments for corporations until October 15, 2020
- Delay of payment of employer payroll taxes - deferred payments to be paid in two instalments on Dec 31, 2021 and Dec 31, 2022
- Waive the 10-percent early withdrawal penalty for distributions up to \$100,000 from qualified retirement accounts for coronavirus-related purposes

The treasury issued guidance that taxpayers can delay paying some federal income taxes for 90 days but still must submit their forms to the Internal Revenue Service -- or request an extension -- by April 15. Individuals can delay payments of up to \$1 million in taxes and corporations can get payments of up to \$10 million deferred until July 15th. The notice also extends the payment deadline for quarterly estimated taxes due on April 15.

In addition, President Trump on March 18 signed H.R. 6201 into law. The law includes refundable tax credits for small and medium-size businesses to cover paid sick leave for employees affected by the coronavirus. The payroll tax credit will give employers 100 percent of the sick leave wages paid to employees who are under self-quarantine or getting tested for the coronavirus, with a maximum wage of \$511 per day. For employees caring for a family member affected by the coronavirus, the credit covers up to \$200 a day.

Immigration update

Singapore

It has been announced that Foreign workers must now get approval from MOM before they travel else they will have work passes revoked and companies will be banned. Effective midnight 23 March, work pass holders (e.g. long term foreign residents with valid passes) will be limited to enter Singapore to very small numbers and only after pre-approval by MOM. Priority will be given to those providing essential services such as healthcare and transport.

Employees (and sponsored dependents) should defer entry to Singapore unless he/she has MOM's approval to do so. There are significant consequences to employee and company if this is not strictly followed.

In the event that pass holders or their sponsored dependents enter Singapore without receiving the MOM's prior approval, the MOM will not hesitate to revoke their work pass and they will be permanently banned from working in Singapore. MOM may also take action against the employing company, including suspending the company's work pass privileges.

UAE

The UAE Ministry of Foreign Affairs and International Cooperation has announced the launch of the online Tawajudi service to help facilitate the safe return of valid UAE-residence visa holders who are currently outside the UAE. Residents who are currently abroad can register for this service through MoFAIC's website.

It has been announced today, 23 March, that the National Emergency and Crisis and Disasters Management and the Civil Aviation Authority have decided to suspend all inbound and outbound passenger flights and the transit of airline passengers in the UAE for two weeks as part of the precautionary measures taken to curb the spread of COVID-19. The decision, which is subject to re-assessment, will take effect in 48 hours.

Effective today, 23 March, the UAE government calls upon the public to stay home except for absolute necessity.

Kuwait

The Kuwait Government has extended the closure of offices for a further two weeks up to 9 April, which will impact working from home measures across companies in the country. In addition, a curfew will now be in place throughout the country from 5pm to 4am today, 23 March.

Immigration update

Brazil

The Brazilian Government announced that from 00:00 on Monday 23rd of March all foreign passengers originating from the United Kingdom, EU, China, Japan, Australia, Iceland, Norway, Switzerland, Malaysia and South Korea by air will be denied entry, for a period of 30 days. This restriction does not apply to Brazilian citizens, born or naturalised, resident foreigners in Brazil and airline crew.

On 19 March, the Brazilian Government closed its terrestrial borders with its neighbouring countries in South America (Argentina, Bolivia, Colombia, Guiana, French Guiana, Paraguay and Peru), except Uruguay for 15 days for all those entering, except for Brazilian citizens and resident foreign nationals. The border with Venezuela was closed on 18 March.

Mexico

The land border between the US and Mexico closed at midnight on Saturday 21st March to all non-essential traffic for 30 days. This closure applies primarily to tourism and recreational travel, however impact to commercial airlines is expected.

Turkey

Turkey has suspended most international flights and commercial travel into and out of Turkey has become severely limited.

Trinidad and Tobago

On 21 March the Trinidad and Tobago government announced the indefinite closure of its borders to all international flights effective midnight 22 March.

Nigeria

From 2300 on 23 March, Abuja and Lagos airports will close to all international flights until 23 April.

Kenya

All international flights will be suspended from 23:59 on 25 March

Ghana

The Government of Ghana announced the closure of the country's borders, effective from 0000 GMT 22 March until 2300 GMT 5 April. The border closure will see the suspension of all international flights into Ghana and all international flights out of Ghana. Ghanaian citizens and resident permit holders are exempt from the above measures and will be allowed into the Ghanaian jurisdiction.

Global round-up - COVID-19 Mobility dashboard:

Please refer to the PwC COVID-19 Mobility dashboard for a global round-up of all currently announced travel restrictions and quarantine measures: <https://workbench-eu.pwc.com/shared/covid19global>

If you'd like access to our database either for yourself or your colleagues, please email uk_immigration_covid19_support@pwc.com with your email address and country of location.

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