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The Swedish Government introduces tax reliefs due to the Coronavirus

The Swedish Government has proposed legislative changes regarding measures due to the Coronavirus. In short, the proposed changes are as follows.

- The Tax Agency will have a possibility to grant companies as respite with payments of withheld wage tax, social security contributions and VAT.
A respite may be granted for reporting periods (i.e. months) within the period January – September 2020. A respite may be granted for up to three reporting periods and the respite is valid for up to one year. For companies that report VAT on a quarterly basis, respite may only be granted for one reporting period.
For granted respites, a special respite-fee will be levied. The fee is 0.3% per month of the respite amount and is to be paid when the respite ends.
Each application for a respite will be judged by its own merits.
- The State will increase its share of support to employers with employees who temporarily reduces his/her work time. Basically, the proposal means that the basis for State support is increased during the period 16 March through 31 December 2020.
- Both changes are proposed to enter into force 7 April 2020, albeit with retroactive effect. The proposal regarding respite with tax payments will be valid from 1 January 2020 and the proposal regarding increased State support will be valid as of 16 March 2020.

In addition to the proposed changes, the Government has also given notice of the following reliefs:

- The Government takes over the full responsibility for sick pay during the period 11 March through 31 May 2020.
- The mandatory requirement of a medical certificate from day 7 of a sickness period is temporarily set aside.
- Short term temporary layoffs will be possible from 16 March 2020.

The Tax Agency have also published a statement today regarding the possibility for respite with payments before the proposed changes enter into force. This is regarding the possibility for respite with payments under the current legislation.

- Respite with payments can be granted if the company have temporary difficulties making payment in time due to direct cause of the Coronavirus.
- Respite with payments of withheld wage tax and VAT are most often not granted according to the Tax Agency, since the company is expected to have that amount as liquid cash. However, a respite may still be granted if the company proves that it had to use the money to pay for something it could not have anticipated in order to mitigate the consequences of the Coronavirus.

Skeppsbron Skatt's comments:

Companies that chooses to apply for a respite (i.e. a temporary tax credit) should be aware of the respite-fee, which will be due for payment when the respite ends. The company would also have to pay interest at a rate of 1,25 %.

If you have any questions about this, you are welcome to contact us.

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