

# How to manage tax issues (1)

Key points to assess and manage your tax affairs during the COVID-19 crisis

### Benefiting from government assistance and managing cash

- Ensure you are keeping up to date with the latest government announcements regarding taxation support available to businesses.
  - Many governments and tax authorities have webpages collating COVID-19 measures – identify those pages and monitor them regularly for new announcements.
  - See also our regularly updated [COVID-19 guide to global tax measures](#).
- Consider whether tax-related actions can be taken to boost cash:
  - check whether tax payments can be deferred and, if so, confirm whether such deferral is automatic (or requires you to apply) and whether any other administrative steps (such as cancelling direct debits) are required;
  - check whether tax payments on account can be reduced;

- check whether your business qualifies for any temporary exemptions or sector specific measures, such as reduced business rates; and
- check whether realisation of tax assets can be accelerated (eg through extended carry back or advance/faster payment of tax credits).
- Conversely, be aware that eg customer defaults or delayed payments may not defer your obligation to account for VAT. Consider whether VAT bad debt relief may be available in mitigation.

### Managing your people

- Understand whether lockdowns and global restrictions on travel are:
  - preventing your directors from travelling abroad to attend board meetings; or
  - forcing your employees to work from a different jurisdiction to normal.

- If so, consider the tax implications for the business, including whether there is a risk of migrating tax residence or creating taxable establishments and whether new payroll liabilities are triggered. (See our [client briefing](#) and [blog post](#) for more info.)
- Be aware of upcoming board meetings where directors may not be able to attend in person in the jurisdiction of residence. Consider mitigating actions, eg deferring meetings etc.
- Consider establishing protocols for employees working outside their normal jurisdiction, eg ensuring that they cannot conclude contracts in the name of a group company while in a jurisdiction where that company has no taxable presence.
- Consider the tax consequences of utilising any government programme designed to protect jobs during the COVID-19 crisis, including tax treatment of government grants and responsibility for payroll taxes and social security on state-funded salaries. See our [workforce insights](#) for more info.

# How to manage tax issues (2)

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## Dealing with the tax authorities

- Build buffers into your timelines for dealing with tax authorities, and expect responses to be delayed. Equally, consider requesting tax authorities for more time to satisfy pending information requests or response deadlines.
- Consider whether you are expecting to make physical filings or require documents to be physically stamped. If so, check whether the relevant tax authority has introduced temporary electronic or 'virtual' processes.
- Check whether deadlines for tax returns and filings have been extended and/or whether penalties for late compliance have been relaxed or waived.

- If you are party to tax litigation, check whether any deadlines have been extended. Be aware that in some jurisdictions, the statutory limitation period has been extended to give tax authorities more time to issue assessments. See our [blog post](#) for more information about how tax disputes are being affected in the UK.

## Managing your business

- Consider the tax consequences of any corporate actions your business is taking, such as the cancellation or deferral of dividends and the raising of new debt or equity. See our insights on [corporate governance and securities](#) and [financing](#) for more info.
- Looking forward, consider in which entity/jurisdiction COVID-19 induced losses may arise and whether any restructuring actions may optimise the ability to utilise those losses when the business returns to profitability.