

Insights

FRANCE COVID-19 TAX MEASURES AS OF 24 MARCH 2020

Mar 24, 2020

The emergency law n° 2020-290 passed on 23 March 2020 to combat the Covid-19 pandemic establishes a two month “**health state of emergency**”.

For the next three months, this law allows the Government to take emergency economic measures without the prior approval of Parliament, with various measures expected within the coming days.

Below is a summary of the main measures that will affect businesses (excluding labour law measures).

1. Financial and economic measures

The Government is allowed to take the following financial and economic measures:

- **Cash liquidity for entities at risk of insolvency and the creation of a rescue fund** which will be shared amongst the regions : (Article 11-I-1°-a)
 - *Businesses with a turnover below 1 million euros and which face a loss of turnover of more than 70% when comparing March 2020 to March 2019 will be eligible for support.*
 - *The funds will also support small businesses and self-employed workers through the grant of a lump sum of 1,500 euros upon application to the French tax authorities (DGFIP).*
- **Changes to businesses’ obligations towards their clients and suppliers** as well as changes to the obligations of unions towards their members (for example, deadlines and penalties; the travel and hospitality sector are of particular concern); (Article 11-I-1°-c)
- Changes to the rules relating to **bankruptcy law and insolvency procedures**; (Article 11-I-1°-d)
- Postponement of time periods for **evicting tenants** for the year 2020. (Article 11-I-1°-e)
- **Changes to procurement rules, payment deadlines, execution and termination provided for by public contracts and the public procurement code**; (Article 11-I-1°-f)

- Introduction of **support measures for micro businesses** affected by the crisis by providing for :
 - The option to fully postpone or spread out rent payments and energy bills ; (Article 11-I-1°-g)
 - The extension of time periods during which water and energy suppliers cannot suspend, interrupt or reduce their supplies, and the suspension of related financial penalties ; (Article 11-I-1°-g)

2. Administrative and legal system measures

The Government is allowed to take the following measures in relation to government bodies and the legal system :

- Changes to the **time periods relevant to requests made** made to government bodies, **to the time periods for government bodies' consultation** of the public or anybody or authority, **the time periods within which this decision** must be taken, as well as **the time periods for completion** by any person carrying out certain actions imposed by laws and regulations unless these result from a court decision. (Article 11-I-2°-a)
- Changing, cancelling and postponement of time periods relating to, amongst other things, foreclosure, forfeiting certain rights, authorisations or licences, with the exception of custodial measures and sanctions. (Article 11-I-2°-b)
 - *These measures could be applicable as from 12 March 2020 and could exceed more than three months the end of the administrative police measures taken to slow down the spread of the epidemic.*
- Changes to companies' obligations :
 - Changes to the conditions for directors' and shareholders' meetings; (Article 11-I-2°-f)
 - Changes to the laws relating to the establishment, closure, audit, review, approval and publication of company accounts and other documents companies are required to register or publish, as well as the rules relating to the allocation of profits and the payment of dividends ; (Article 11-I-2°-g)
- Changes to the laws of co-ownership relating to buildings; (Article 11-I-2°-j)

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