

FACT SHEET

Temporary deferral of payment deadlines for VAT, AM contributions and A-tax

The deadline for settlement of A-tax, AM-contribution and VAT is extended as a result of coronavirus / covid-19 in order to help companies with their liquidity.

The Danish Minister for Taxation has just introduced a bill, intended to help mitigate the financial consequences of the spread of coronavirus. Three tax initiatives are being taken to improve liquidity of businesses.

The initiatives are:

- Postponed payment deadlines for payroll tax and labour market contribution
- Postponed VAT payment deadline for large businesses
- Increased limit for credit balance in the tax account

Payroll tax and labour market contribution

Under current rules, businesses must pay withheld payroll tax ("A-skat") and labour market contribution in monthly instalments. Small businesses must pay the instalment on the 10th of the month following the settlement month. Large businesses must pay the instalment on the last banking day of the month to which the income relates.

Large businesses are defined as businesses with a total payroll tax payment of more than DKK 1 million over a preceding 12 months period or a total labour market contribution payment of more than DKK 250,000 in the same period.

With the proposed bill, the payment deadlines for the instalments in April, May and June are postponed by 4 months.

The bill does not change the deadlines for reporting payroll tax and labour market contribution. Consequently, small businesses must report income information on the 10th of the month following the settlement month, and large businesses must report on the last business day of the month, which the income relates to.

Only private businesses are subject to the postponed payment deadlines. Public institutions liable for withholding tax on salary etc. must pay in accordance with current rules.

Source: <https://en.kromannreumert.com/News/2020/03/COVID-19-Emergency-tax-legislation>

For more information go to Danish Ministry of Taxation:

<https://www.skm.dk/aktuelt/presse/pressemeddelelser/2020/marts/smaa-og-mellemstore-virksomheder-faar-en-markant-forbedring-af-deres-likviditet> (in Danish only)