

AMENDING FINANCE BILL 2021 :

TAX MEASURES TO AID RECOVERY FROM THE HEALTH CRISIS

The Amending Finance Bill for 2021, intended to finance the various accompanying measures related to the health crisis, was presented on 2 June to the Council of Ministers and is now before the Parliament.



Among the key measures, eagerly anticipated by companies, the temporary removal of the limit on the carry-back of losses. Our tax experts present an overview.

1 THE PRINCIPAL MEASURE: THE TEMPORARY REMOVAL OF THE TIME LIMIT ON THE CARRY BACK OF TAX LOSSES

This measure would offer the possibility for companies to carry back their tax loss recorded under the first FY showing a loss closed between 30 June 2020 and 30 June 2021 on the profits from the three previous FYs (2019, 2018, and 2017) and this, without any limitation as to amount.

It is reminded that so far, the carry-back was only possible on the taxable profits of the previous year, with a cap of €1million.

2 THIS CARRY-BACK WILL RESULT IN A RECEIVABLE AGAINST THE FRENCH TREASURY, THE AMOUNT OF WHICH IS DETERMINED BY THE CORPORATE INCOME TAX RATE APPLICABLE AS FROM 1 JANUARY 2022, I.E. 25 %.

This claim is chargeable to the corporate income tax for the following five years and reimbursed at the end of this five-year period. An exceptional option period is also planned for companies when the time period for the carry back option would have already expired or be about to expire on the date the law was published.

This measure is also applicable to tax groups.

3 EXTENSION OF EXEMPTION FROM TAXES AND SOCIAL SECURITY CONTRIBUTIONS FOR THE EXCEPTIONAL BONUS ON PURCHASING POWER

paid between 1 June 2021 and 31 March 2022.

4 EXTENSION OF THE “STATE GUARANTEED LOANS” (UNTIL 31 DECEMBER 2021) IN ADDITION TO SOLIDARITY FUNDS (UNTIL 31 AUGUST 2021).

5 TAXATION OF “FIXED COSTS” AID UNDER CORPORATE TAX OR INCOME TAX (DIFFERENT TREATMENT THAN THAT FOR SOLIDARITY FUNDS)

for aid received as from the year 2021 or FY closed since 1 January 2021.

6 A SCHEME TO AID THE RECOVERY OF CERTAIN BUSINESS SECTORS

would be established, under certain conditions, for companies in the sectors of tourism, hotels, restaurants, sport, culture, air transport and event organization, employing less than 250 employees.

For additional information please contact our tax experts.