

COVID-19: the federal government announces tax measures to mitigate the financial impact of the coronavirus

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The Federal Government has been announcing a number of tax measures intended to reinforce the cash flow of companies, minimize the impact of the COVID-19 pandemic and halt the economic-financial crisis effects that are now ravaging the Country.

The measures range from tax exemption for health area-related products, and tax deferment, to the concession of special conditions for the payment of debt in installments.

Of these measures (some but announced and others already implemented) we highlight the following:

- Extension, for a time period of 90 (ninety) days, of the validity of Tax and Liabilities Clearance Certificates (CNDs) and Liability Certificates with Clearance Effects (CPD-EN);
- Temporary exemption of the Tax on Industrialized Products (IPI) relative to imported goods destined to combating the epidemic;
- Zero percent tax rate on the import of medical-hospital products;
- A three-month extension of the deadline to make Federal Government Fund for Employee Severance (FGTS) deposit;
- A six-month extension of Simplified Tax System payment, to be made now only as of October;

- A 50% (fifty percent) reduction in "S System" (vocational training) contributions for 03 (three) months;

Likewise, the Brazilian Office of the Attorney General of the Treasury Department, in addition to suspending diverse administrative and collection proceeding deadlines, has established extraordinary rules more beneficial to taxpayers relative to the settlement of tax debt entered in the past-due tax liability roster.

Along general lines, Office of the Attorney General of the Treasury Department Decree No. 7.820/2020 makes the settlement of tax debt possible for all Brazilian taxpayers.

Taxpayers can pay an initial amount (corresponding to 1% (one percent) of the settled debt) in up to 03 (three) installments – March, April and May of this year. Following payment of this initial amount, the remainder can be paid in up to 81 (eighty one) installments, with the first of these installments commencing in June.

The measures announced to date are evidently laudable, however in light of the gravity of the economic-financial scenario that has presented itself resulting from COVID-19, Brazilian taxpayers await future Federal Government measures that are more energetic.

Likewise, the current scenario is fertile land for the surge of opportunists presenting

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revolutionary tax theses that, in their great majority, do not have any legal basis.

It is necessary, thus, to act with the due caution that the moment requires, especially not embarking on projects that are clearly illegal or temerarious.

The firm Almeida Advogados counts among its ranks a team specialized in Tax Law accompanying the measures being made on a daily basis and remaining available for any questions respecting the content of this article.

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