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ALERTA LEGAL

Law No. 21,256, which establishes new tax measures to reactivate the economy, is published

On September 2, Law No. 21,256 was published, which contemplates the following tax measures within the Emergency Plan for Economic Reactivation promoted by the Government:

- Temporary reduction of the Corporate Tax rate for taxpayers under the SME Regime of the Income Tax Law ("ITL") from 25% to 10%, applicable to the income obtained during years 2020, 2021 and 2022. Taxpayers benefiting from this measure will also be favored with a 50% reduction in the rate of Monthly Provisional Payments (PPM) for the years 2020, 2021 and 2022.
- Refund of the excess of VAT credit on the acquisition of goods or use of services between July and September of 2020, subject to the following conditions:
 - Compliance with the requirements to benefit from the SME regime of the ITL;
 - Have experienced a decrease in their income of at least 30% between the months of January and June 2020;
 - Maintain a remnant of VAT credit as of June 2020;
 - Not being in one of the situations described in Article 59 bis of the Tax Code;
 - Have submitted all the VAT returns in the last 36 months;
 - Maintain in the register of purchases and sales all the transactions that determine the origin of the refund; and
 - Do not maintain a tax debt. Payment agreements will not be considered.

The refund may be claimed only once; it will reduce the taxpayer's tax credit by the same amount it is conceded; and must be returned in subsequent tax periods.

It will not apply to refunds for the acquisition of fixed assets (27 bis) nor for exports

- Extension of the instant depreciation mechanism for investments in fixed

assets made throughout the country, until December 31st, 2022.

Allows instant depreciation for the following intangible assets: (i) industrial property rights; (ii) intellectual property rights; and (iii) new plant varieties.

- Deferral until January 2021 of the obligation to issue electronic bills (boletas).
- Release from payment of the regional contribution, applicable to projects initiated until December 31, 2021. This exemption will not release the taxpayer from his obligation to declare the project and its associated tax.
- Extension of the deferral of the payment of VAT for up to three months, applicable to companies under the SME Regime, provided that certain requirements are met. The measure will apply between January 1, 2020 and December 31, 2021.

The content of the Law No. 21,256 can be reviewed by accessing [here](#).

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