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GOVERNMENT SUBMITS BILL ESTABLISHING TAX MEASURES LINKED TO THE EMERGENCY PLAN FOR REVENUE PROTECTION AND ECONOMIC AND EMPLOYMENT REACTIVATION

With the purpose of promoting the country's economic recovery, the last June 25 a bill with the new tax measures announced a few weeks ago by the government was introduced in the Congress.

The measures are the following:

(i) A reduction by 50% of the Corporate Tax for those taxpayers who are under the SME Regime of the Income Tax Law ("ITL"), for the income they obtain during the years 2020, 2021 and 2022.

(ii) For those taxpayers that meet the requirements to be included in the SME Regime of the ITL, an option to request a refund of the charged VAT tax credit on the acquisition of goods or use of services between the months of January and May 2020.

This measure requires the fulfilment of several requirements, among others:

(i) maintain an accumulated balance of VAT tax credit as of June 2020,

(ii) have a revenue decrease of at least 30%,

(iii) have submitted all VAT returns in the last 36 months, and

(iv) not maintain tax debts.

The tax credit must be refunded through the payment of the VAT generated in normal operations, starting from the month following the request for refund. If no VAT is paid in the following months, the refund must also be made in the manner indicated in the bill.

(iii) An extension of the 100% instant depreciation for investments in fixed assets made throughout the country, until December 31, 2022.

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

(iv) A release of the payment of the 1% regional contribution for projects started until 2021. This release does not alter the declaration obligation.

The content of the bill can be reviewed accessing here.

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