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# The New Era of Taxation Conference

2-3 December 2021

The Westin Dublin, Dublin, Ireland

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# **Introduction and welcome**

*Co-chair – Jessica Kemp, Travers Smith LLP, UK*

*Co-chair – Rebecca Wald, Flick Gocke Schaumburg Partnerschaft, Germany*



# Tax impact of COVID-19: distressed companies and governments, and challenges and opportunities

*The New Era of Taxation, IBA Dublin*

## **Speakers:**

*Co-chair - Jessica Kemp, Travers Smith LLP, UK*

*Co-chair - Rebecca Wald, Flick Gocke Schaumburg Partnerschaft, Germany*

**Antonietta Alfano**, *Maisto e Associati, Italy*

**Chloe Delion**, *CMS Francis Lefebvre, France*

**Robert Dever**, *Eversheds Surtherland, Ireland*

**Thais de Barros Meira**, *BMA, Brazil*

**Wendy Moes**, *Hamelink & Van den Tooren, the Netherlands*

**Heather Ripley**, *Alston & Bird LLP, USA*

11am, Thursday 2 December 2021



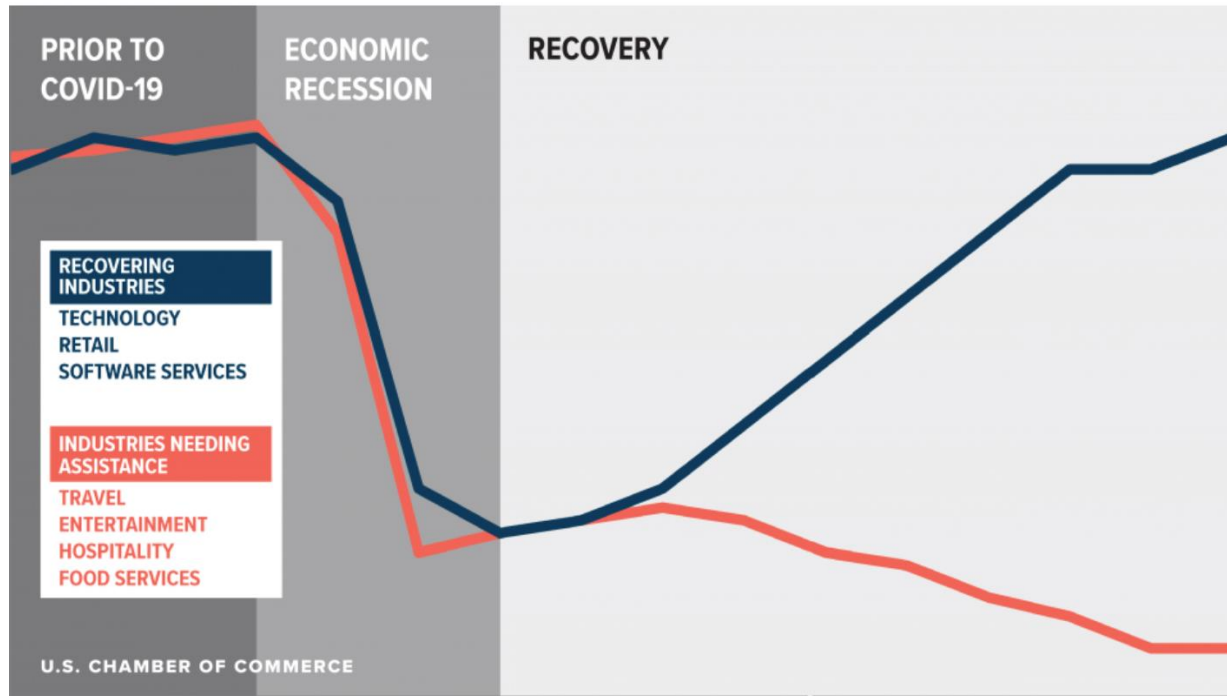
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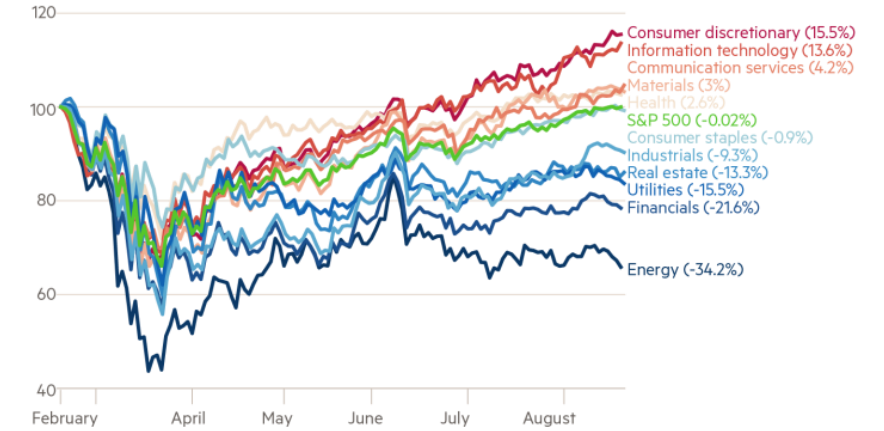


# K-shaped recovery?



## Most stock sectors lag the market

Rebased performance from February 19

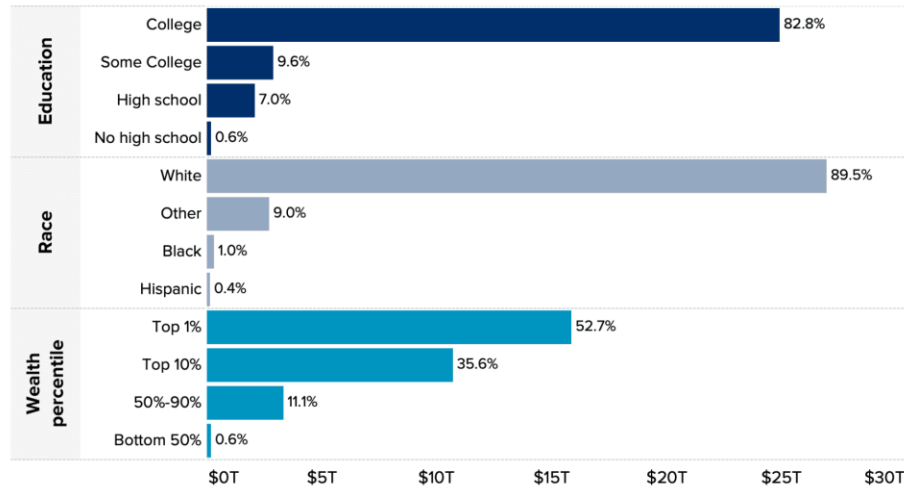


Source: Bloomberg  
© FT

# K-shaped recovery?

## Stock and mutual fund ownership by race, education and wealth tier

Data shows most mutual fund and corporate stock owners are rich, White and college-educated



Source: Federal Reserve. Data as of Q3 2020



## Stocks Emerge From Covid Crash With Historic 12-Month Run

Performance of major U.S. stock market indices since January 2020 (indexed to closing prices on March 23, 2021)



Source: Yahoo! Finance



# Key COVID-19 relief measures?



# Key COVID-19 relief measures – The Netherlands

- Various financial compensation measures (e.g. wage costs employers, fixed costs entrepreneurs)
- General tax compliance measures (payment and filing extension, payment arrangements)
- Lower tax interest and collection interest rates
- Corona reserve
- Temporary measure cross-border workers



# Key COVID-19 relief measures – Ireland

- International and domestic corporates
- SMEs and general tax compliance
- Cross-border workers
- Employees
- Personal taxes
- Promoting liquidity
- Miscellaneous measures



# Key COVID-19 relief measures – Brazil



Postponement of the payment of federal taxes and ancillary tax obligations



Payroll tax exemption / suspension



Payroll financing program



Favorable tax treatment to companies in bankruptcy process

“Haircut” tax neutrality

No 30% limitation to offsetting capital gains with tax losses

# Key COVID-19 relief measures – France

## Main economic measures towards enterprises

- Public financing of short-time working arrangements;
- Specific solidarity fund providing compensation for loss of turnover due to COVID-19 and fixed-charges coverage of SME and independent workers;
- Bank loans secured by the State up to 70% or 90% of their amount;

## Main tax measures

- Postponement (or cancellation) of certain tax and social security payments for enterprises in economic difficulties due to COVID-19;
- Acceleration of tax refunds related to unused tax credits;
- Temporary suspension of ongoing tax audits and extension of the statute of limitation;
- Exceptional carry-back measure for tax losses generated in 2020;
- Other specific measures (such as tax credit for waiver of rents)



# Key COVID-19 relief measures – Italy

- Postponement/withdrawal of certain tax payments under certain conditions;
- Tax refunds and payments due by the public administration;
- Extension of the statute of limitation to serve notice of assessments;
- Tax credits (e.g., for expenses suffered due to pandemic, DTA);
- Special measures (e.g., step-up regime).



# Key COVID-19 relief measures – U.S.

## 2020

- Stimulus payments
- Loosened net operating loss (NOL) utilization rules
- Relaxed interest deduction limitation
- Employee retention tax credits
- Deferral of 2020 payroll taxes
- Paycheck Protection Program loans
- Increased corporate charitable contribution deduction limitations
- Enabled COVID-related distributions from retirement plans without penalty
- Families First Coronavirus Response Act (2020): Social Security and Medicare tax credits for qualified wages paid under expanded family leave and sick leave laws, with corresponding relief for self-employed individuals



# Key COVID-19 relief measures – U.S. (cont'd)

## 2021

- Stimulus payments
- Increased child tax credits
- Enhanced earned income credit
- Exemption of unemployment compensation (subject to limitation)
- Extended employee retention credit
- Extended family leave and sick leave credits
- Income exclusion for certain government disaster grants



# What to expect when existing measures expire?



**“Closing the gap”?**





# **Funding and impact of individual government measures?**



# **Politics: impact on government responses to COVID-19?**





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