GUIDANCE NOTE

Income Tax (COVID-19) Deferment of Self-Assessment Tax 2020

1. Introduction

This Guidance Note serves to explain the basis for the application for deferment of corporate income taxes due during the period 01 March, 2020 to 30 September, 2020 and how it is applicable to taxpayers in accordance with the Income Tax (COVID-19) (Deferment of Self-Assessment Tax) Order, 2020, S.I. No. 73 of 2020. The note also includes guidelines on how to apply for the deferment through the BURS online application platform.


On the 04 May 2020, the Minister for Finance and Economic Development issued an Order allowing taxpayers to apply for deferment of part of their corporate income taxes due to assist them with cash flow problems posed by the COVID-19 pandemic. The Order is deemed to have come into operation on the 1st March, 2020.

According to the Order, taxpayers are allowed to pay only 25% of taxes due in any two (2) quarters falling between the period 01 March, 2020 and 30th September, 2020. This includes final payments that are made by taxpayers in respect of self-assessment taxes estimated from the previous tax year, 2019/20; and any lump sum payments made by taxpayers who
are not required by law to pay taxes in instalments under section 95 (4) and (5) of the Income Tax Act.

3. Persons Eligible

- All taxpayers required to pay taxes in terms of section 95 (2), (3), and (4) of the Income Tax Act.
- Individuals and partnerships are not eligible for the deferment.
- Taxpayers must have an annual turnover of P250 000 000 or less.
- Taxpayers must have a valid Tax Clearance Certificate.
- Taxpayers with an annual turnover of more than P250 000 000 may apply to the Minister to be considered for deferment. However, applications to the Minister must be routed through the BURS.

4. Payments that can be deferred

- Any two quarters for the tax year 2019/20 or any two quarters for the tax year 2020/21 that are due and payable between 01 March 2020 and 30 September 2020.
- Final payment for tax year ending June 2020 that is due and payable between 01 March and 30 September 2020.
- Lump sum payments due and payable between 01 March 2020 and 30 September 2020.
5. Amounts Deferred

- A taxpayer is allowed to defer up to 75% of the tax due for any two quarters falling in tax years 2019/20 and 2020/21.
- A taxpayer may choose a final payment for the tax year 2019/20 as an amount for which to enjoy the 75% deferment, plus any one quarter in the tax year 2020/21, provided these fall within the period 01 March 2020 and 30 September 2020.
- Taxpayers who make lump sum tax payments are also allowed, on making such payment, to request for a deferment of up to 75% of taxes due.
- The deferment of 75% of the lump sum payments is allowed provided that it is due and payable between 01 March 2020 and 30 September 2020.
- Any payments relating to other tax years that taxpayers owe will not be included as part of this relief.

6. Due Dates for Payment of Amounts Not Deferred

- All amounts of taxes for quarters that have not been deferred, are due and payable during the quarters for which they relate.
- All lump sum payments that have not been deferred are due and payable on the due date of filing of the return to which the payment relates.
- Where a taxpayer has been given a deferment, the 25% of the tax due is payable during the relevant quarter, and for lump sum payment, on the date of furnishing the return to which the payment relates.
7. Due Dates for Payment of Deferred Amounts

➢ All amounts deferred will be treated as unpaid tax.

➢ All amounts deferred will become due and payable by the 31 December 2021.

8. Interest Charges

➢ There will be no interest charges for taxes that are deferred between the period of deferment which is 01 March 2020 to 30 September 2020.

➢ All unpaid deferred taxes will, with effect from the 01 January 2022, begin to attract interest at the rate of one and a half per cent for each month or part of a month during which the amount remains unpaid, compounded monthly.

➢ Where taxpayers fail to make payment of at least 25% of taxes that are due for periods where a deferment has been granted, interest for any shortfall will be charged at the rate of one and a half per cent for each month or part of a month during which the amount remains unpaid.

9. Application to the Commissioner General for Deferment

➢ This section applies to taxpayers with a turnover of P250 000 000 and less;

➢ Application for deferment will be done online and will be available on the BURS website under the e-services tab;
Taxpayers must have a valid tax clearance certificate, which can be applied for online;

Taxpayers can contact the BURS Debt Management Office for assistance regarding any compliance issues.

From the 3rd June 2020, taxpayers will be given 60 days to apply for deferment on the BURS website.

Any application made after the expiration of 60 days shall not be valid.

10. Application to the Minister for deferment

Applications requiring the Minister’s approval shall be made online on the BURS website under the e-services tab and will be open to taxpayers for 30 days. This is for taxpayers with a turnover of more than P250 000 000 and with a valid Tax Clearance Certificate.

Taxpayers must have a valid tax clearance certificate, which can be applied for online;

From the 3rd June 2020, taxpayers will be given 30 days to apply for deferment on the BURS website.

Taxpayers will be notified of the status of their application within 14 days after online application for deferment.

Any application made after the expiry of the 30 days shall not be valid.
➢ Large Taxpayers are required to make follow-ups on their applications through their Client Relationship Managers.

ACTING COMMISIONER GENERAL, BURS

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