



COVID-19: consequences on tax audits in France

March 17, 2020

For several weeks, the whole of France's economic life will be affected by the exceptional situation we are facing due to the coronavirus epidemic.

All aspects of economic and business life are affected, particularly taxation. In addition to the support measures announced in social and tax matters, the business continuity plan of the French General Directorate of Public Finance (DGFIP) provides us with information on the consequences of the crisis on the daily activities of tax officers, particularly in terms of tax audits. The General Director of Taxes has confirmed that tax audits are not, for the time being, a priority mission for these agents.

As a reminder, 54,000 tax audit operations took place in France in 2019 (+8% compared to 2018), generating 9 billion (+16.3%) after several years of decline. According to our information and as a result of this continuity plan, until further notice, the DGFIP has decided the following:

- no new on-site inspections or ESFPs would be carried out except in exceptional cases and, for the DNEF, no visit and tax raids procedures would be carried out either.
- For ongoing controls, all non-urgent operations would be deferred, unless the taxpayer expressly wished to continue the control under conditions that do not expose the auditor's health.
- As on-site interventions are prohibited, a remote work would be possible according to modalities to be defined in agreement with the taxpayer (keeping the traces of this agreement and foreseeing the date and time of the telephone appointments in order to allow him to be assisted by a counsel of his choice).
- If the company is able to reply, in particular concerning correspondence that should normally be addressed with AR, it could be done by e-mail, the time limits for reply obviously having to take into account the current situation and the company's capacities.



- The sending of proposals for rectification would be deferred, except in cases where the law defines an imperative deadline.
- The same would apply to cash collections. A legal text to "freeze" the consequences of failure to comply with deadlines in the various procedures would be proposed very quickly.

However, the DGFIP recommends that its auditors complete as quickly as possible those controls that are almost complete and that do not pose any major problems (compliant or low-yield cases, regularization pursuant to Article L62 of the LPF with payment deadlines, etc.).

As the business continuity plan is updated in line with current developments relating to COVID-19, these measures are subject to change. We will not fail to keep you informed of any changes.

Contacts



Pascal Luquet

Lawyer Partner
E : pluquet@avocats-gt.com
T : +33 1 41 16 27 41
M : +33 6 10 12 12 17



Mickaël Duquenne

Senior Manager
E : mduquenne@avocats-gt.com
T : +33 1 41 16 27 42
M : +33 6 84 22 42 93

Grant Thornton Société d'Avocats

29, rue du Pont
92200 – Neuilly-sur-Seine
France

www.avocats-gt.com

T : +33 (0)1 41 16 27 27

F : +33 (0)1 41 16 27 28

E : contact@avocats-gt.com

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