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# Tax Alert

## Amendments to the Corporate Income Tax law

The newly adopted amendments to the Corporate Income Tax Law aim to provide statutory solutions in order to support taxpayers in dealing with COVID-19 consequences. More specifically, they include changes in the list of non-deductible expenses for CIT purposes, as well as in the provisions for tax depreciation and covering the loss. The amendments entered into force as of 14 July 2021.

### 1. Increasing the threshold for recognition of certain non-deductible expenses

The following changes in respect of the amount of recognized expenses for tax purposes have been implemented:

- Increase in the amount of holiday leave allowance that will be treated as a deductible expense for tax purposes to 80% of the average monthly gross salary per employee;
- Increase in the amount of cost for paid laboratory tests for COVID-19 which will have the treatment of recognized expenses for tax purposes up to 50% of the average monthly gross salary per employee during the previous year.



Furthermore, a clarification was made in terms of recognition of costs for paid health insurance premiums. Namely, the premiums for voluntary health insurance have been explicitly excluded in the scope of tax deductible expenses within the general statutory conditions.

## **2. Prescribing deadline for issuing Decision for recognition of expenses**

The newly adopted change prescribes a deadline of 30 days starting from the date of the submission of the request, in which the Public Revenue Office will be obliged to issue a Decision regarding the submitted request for recognition of an expense of the depreciation of the remaining net asset value.

## **3. Abolition of the requirement to off-set the loss in accordance with the Companies Law in order to carry forward them for tax purposes**

The new amendments allow the tax losses that will be incurred by the taxpayer to be carried forward in the following tax periods without the obligation to off-set them in accordance with the Companies Law. This enables to use the losses for tax purposes within a shorter period of time without additional formalities in accordance with the Companies Law.

This provision would be applicable for the calendar year 2021.




## How can we help you?

PricewaterhouseCoopers DOOEL can provide you with:

1. Advice on the application of the new provisions from the Corporate Income Tax law;
2. Assistance in the preparation of CIT returns; and
3. Tax reviews.

For more details on the provisions above, please refer to your usual contact within PricewaterhouseCoopers or the persons indicated in the Contacts



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