

GMS Flash Alert



2020-215 | May 1, 2020

Iceland - COVID-19: Social Security and Payroll Tax Deferrals

Iceland's Parliament, on 30 March 2020, passed relief measures in response to the coronavirus (COVID-19) pandemic.¹ Among the measures aimed at mitigating the economic effects of the coronavirus were extensions of time to pay social security tax and withheld public levies at source.

For the full report, see "[Summary of Icelandic Government's Measures in Relation to the Economic Effect of COVID-19](#)" (2 April 2020), a publication of the KPMG International member firm in Iceland.

WHY THIS MATTERS

Iceland's government efforts to mitigate the economic effects of the global coronavirus outbreak have been numerous and diverse.² These actions are intended to help ensure the livelihood of people and companies and offset the economic effects of the virus.

The steps taken to delay the tax payment deadlines generally give companies an opportunity to preserve their cash-flow and additional time to address the disruption caused to normal business operations and processes.

Postponement of Payment Deadlines for Certain Taxes

Employers can elect to postpone the payment deadlines of up to three payments of social security tax and withheld public levies at source that fall due between 1 April 2020 and 1 December 2020. The payment deadline for all postponed payments will be 15 January 2021.

There are conditions to be satisfied to invoke the right to the postponement, such as substantial operational difficulties in 2020 due to immediate and unforeseen loss of income, directly or indirectly caused by the COVID-19 outbreak (among other conditions).

The deadline for payments that had previously been postponed from 15 March 2020 to 15 April 2020, has been further postponed to 15 January 2021.

FOOTNOTES:

- 1 See [Lög um breytingu á ýmsum lögum til að mæta efnahagslegum áhrifum heimsfaraldurs kórónuveiru](#).
- 2 Government of Iceland's "Measures in response to COVID19," [Deferral, split payments, reduction, or cancellation of taxes and levies](#).

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Contact us

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