

ADOPTION OF FURTHER URGENT COMPLEMENTARY MEASURES TO SUPPORT ECONOMY AND EMPLOYMENT

The Council of Ministers held yesterday approved Royal Decree-Law 15/2020 of 21 April, which includes a new package of measures to strengthen and extend the measures previously adopted, which focus on supporting businesses and workers.

The new measures, which come into force on 23 April 2020, are structured in the following five blocks, in each of which the main measures approved are highlighted:

I. MEASURES TO REDUCE THE OPERATING COSTS OF SMES AND THE SELF-EMPLOYED

➤ **Leases for non-housing use:**

The self-employed and SMEs that rent for purposes other than housing may request a postponement on the payment of rent from the landlord within one month of the entry into force of the Royal Decree-Law. This moratorium must be accepted by the lessor, provided that no agreement has already been reached between the parties, and that the lessor is considered a large holder, understood as companies or public housing entities or individuals or legal entities that own more than 10 urban properties or a built area of more than 1,500 m².

The measure will be applied automatically during the period of the alarm state and its extensions and, if necessary, for the following months with a maximum of four months. The postponement of the rent will not give rise to any penalty or accrual of interest and the deferred rent will be paid in instalments within 2 years of the end of the moratorium.

For all cases in which the lessor is not considered a large holder, under the terms indicated above, although the lessees may also request temporary and

extraordinary deferment of the payment of rent within the same period of one month, it is not expressly established that acceptance by the lessor is obligatory. However, in these cases, the parties may use the deposit provided for the total or partial payment of the rent, in which case it must be replenished by the lessee within one year from the date of the agreement or within the remaining term of the contract if this is less than one year.

The requirements to be met by the self-employed and SMEs to access this measure are as follows:

- Suspension of activity as a result of the entry into force of the Royal Decree-Law of 14 March or any of the orders issued under it, or, if the activity has not been suspended, proof of a reduction of at least 75 % in the turnover of the calendar month prior to the request for deferment, compared with the average monthly turnover for the same quarter of the previous year.
- In the case of the self-employed, proof of membership and registration with RETA or one of the RETA substitute mutuels on the date of declaration of the alarm status.
- In the case of SMEs, not to exceed the limits established in article 257.1 of the Law on Capital Companies.

Compliance with the above requirements must be duly accredited, and the lessees will be responsible for the damages and all the expenses generated as a result of their application in the event of benefiting from the measure without complying with these requirements.

II. MEASURES TO STRENGTHEN BUSINESS FINANCING

➤ Deferral of loan repayments resulting from subsidies granted by the E.P.E. Institute: (Instituto para la Diversificación y Ahorro de la Energía - IDAE), M.P:

Beneficiaries of subsidy programmes or reimbursable aid, formalised in the form of loans from this entity, who have suffered periods of inactivity, a reduction in

sales volume or turnover that prevents them from meeting their payment obligations as a result of the health crisis, may request the postponement of loan repayments due in March, April, May and June 2020.

The requirements to benefit from this measure that applicants must prove are:

- To be in good standing with the tax authorities and the social security authorities at the time the application is made.
- To be up to date with fulfilment of the obligations arising from the loans when the state of alert comes into force.
- Not to be in a situation of bankruptcy.
- The instalments subject to deferment may not have been deferred, fractioned or claimed in or out of court beforehand.

Public administrations and entities as well as their related or dependent public bodies and entities are excluded from this measure.

➤ **Reinsurance of credit insurance risks by the Insurance Compensation Consortium:**

The Insurance Compensation Consortium may accept in reinsurance the risks assumed by the private insurance companies authorized to operate in the credit and surety insurance branches that request it and subscribe or adhere to the corresponding agreement, under the following conditions

- The coverage modality must allow to quickly and efficiently complement the direct coverage offered by the insurance entities, in order to give security to the economic transactions.
- The economic conditions applied shall seek long-term financial equilibrium.
- The insurance operations covered by this measure must have been carried out by authorised insurance companies with a significant volume of operations and whose policyholders are domiciled in Spain.
- The coverage may be applied from 1 January 2020 and will remain in force while the reasons of general interest that justified its adoption persist, and in any case for a minimum period of 2 years.

III. FISCAL MEASURES

➤ **Application of the 0 % VAT rate to supplies of goods, imports and intra-Community acquisitions of goods necessary to combat the effects of the COVID-19**

This measure, which takes effect from the entry into force of the Royal Decree-Law and remains in force until 31 July 2020, will be applied provided that the recipients of the transactions are public law entities, clinics or hospital centres, or private entities of a social nature, and the invoices must be documented as exempt transactions.

➤ **Presentation in extended period of the first payment in instalments on account of the liquidation of the Corporation Tax:**

➤ Those corporate tax payers whose tax period began on or after 1 January 2020 may benefit from this extraordinary option provided for the instalment payment modality. Likewise, all those taxpayers who are not entitled to benefit from the previous option but whose net turnover has not exceeded 6,000,000 euros during the 12 months prior to the date of commencement of the tax period, may exercise the instalment payment modality by presenting the second instalment payment on account of the settlement corresponding to the tax period to be made in the first 20 calendar days of the month of October 2020.

➤ **Limitation of the temporary effects of the tacit waiver of the objective assessment method in the financial year 2020 and calculation of the instalments:**

Income tax payers who waive the application of the objective estimation method in the period for the presentation of the payment in instalments of the first quarter of the financial year 2020, may redetermine the net yield of their economic activity with the objective estimation method in the financial year 2021. For that purpose, they shall comply with the requirements for its application and revoke their waiver within the deadline or submit the

corresponding declaration for the first quarter of the financial year 2021 in the form provided for the objective estimation method.

Likewise, the conditions for the calculation of the instalment payments in the objective estimate method for personal income tax and the quarterly quota of the simplified VAT system as a result of the state of alert are established. In this regard, the approved measure establishes that the calendar days on which the alarm statement was declared in each calendar quarter will not be counted as days of exercise of the activity.

➤ **Failure to commence the enforcement period for certain tax debts:**

The enforcement period will not commence for those tax debts relating to returns-settlements and self-assessments for which the corresponding income has not been made, provided that:

- The taxpayer accredits in due time to the Tax Administration the request to a financial entity for the financing for the payment of said debts foreseen by Royal Decree Law 8/2020 of 17 March.
- The request for financing is granted for at least the amount of the debts.
- The debts are paid at the time the financing is granted, which must be in any case, within the period established for this purpose.

IV. MEASURES TO FACILITATE ECONOMIC ADJUSTMENT AND PROTECT EMPLOYMENT

➤ **Temporary flexibility in the use of the Co-operative Promotion and Education Fund:**

In order to mitigate the effects of COVID-19, the possibility of allocating all or part of this fund to purposes such as providing liquidity to cooperatives to ensure their operation or other activities that help to curb the health crisis is approved.

➤ **Extension of various time periods set out in the "*Ley de Sociedades***

Laborales y Participadas and in the Royal Decree-Law of 17 March.

- **Possibility of reducing the minimum traffic required for 2020 established in concessionary titles in cases where it is not possible to achieve that activity as a result of the health crisis.**
- **Possibility of reducing the occupation rate of concessions or authorisations that have experienced a significant negative impact due to the COVID-19 crisis.**
- **Approval of measures in the ports area:**

Various measures are established in this area, with special mention of the following:

 - The possibility of abolishing the lower limit of the total annual activity tax for taxpayers covered by the Law on State Ports and the Merchant Navy for the year 2020
 - Exemption from the ship's fee in cases where the ship has to be berthed or anchored in port waters pursuant to orders issued by the competent authorities because of a health crisis.
 - Approval of conditions for the deferment of tax debts corresponding to the settlement of port charges accrued since the entry into force of Royal Decree Law 7/2020 of 12 March and until 30 June 2020.

V. MEASURES TO PROTECT CITIZENS

- **Consideration of legal situation of unemployment:**

Cases of termination of the employment relationship during the trial period at the request of the company from 9 March 2020 and cases of voluntary termination of the employment relationship from 1 March 2020 due to a firm commitment to sign another employment contract will be considered as such, provided that the latter has ceased to exist due to the COVI-19 crisis.

- **Approval of rules for the availability of vested rights in pension plans**
- **Extension of various terms and deadlines for the submission of information by persons and entities subject to the supervision of the Directorate-General for Insurance and Pension Funds.**
- **Modification of the contribution in a situation of inactivity in the Special System for Agricultural Employees.**
- **Creation of the Spain Global Sports Foundation, F.S.P:**
The foundation is created as a non-profit organization whose foundational purpose is the promotion, impulse and diffusion of federated, Olympic and Paralympic sports, as well as the internationalization of Spanish sports.

Barcelona, April 22nd 2020