

**SUMMARY OF ROYAL DECREE-LAW 8/2020,  
MARCH 17, FOR EXTRAORDINARY URGENT MEASURES FOR  
DEALING WITH THE ECONOMIC AND SOCIAL IMPACT OF  
COVID-19**

March 18<sup>th</sup>, 2020

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Last 18 March 2020 was published in the Spanish Official Gazete the Royal Decree Law 8/2020 approving extraordinary and urgent measures for dealing with the economic and social impact of Covid-19.

RDL 8/2020 complements those already published on the 10, 12 and 14 March with the aim of reinforcing the protection of the most vulnerable workers, families and groups, as well as sustaining productive activity and maintaining employment without putting aside the fight against the health crisis that the pandemic is creating.

As a summary, we must emphasize the following measures:

## **MEASURES TO ENSURE STABILITY AND EXPAND THE PROTECTION OF THE COLLECTIVES MOST AFFECTED BY THIS CRISIS AS WELL AS TO ASSURE THE SUPPLIES AND BASIC SERVICES:**

### **FINANCING GRANTED FOR BASIC BENEFITS OF SOCIAL SERVICES**

300 million euros will reinforce the budget of the Ministry of Social Rights and the 2030 Agenda to finance an Extraordinary Social Fund, through transfers to the competent authorities of the Autonomous Communities, Ceuta and Melilla. The same amount will go to local corporations from the surplus for the 2019 financial year.

### **VULNERABLE GROUPS**

Coverages are expanded in the field of the provision of essential public services, in particular, water, natural gas and electricity - cutting off the supply of water, natural gas and energy supplies for breach of contract is prohibited for consumers who have a vulnerable status; and measures are imposed to prevent the increase of prices to the public for bottled liquefied petroleum gases.

### **MORTGAGE DEBT DEFERRAL FOR THE ACQUISITION OF HABITUAL RESIDENCE:**

Approved as protection for mortgage debtors in a vulnerable situation after the declaration of the state of alarm (which implies that during these deferral, the payment of mortgage installments will not be required and neither will this deferral accrue default interest). Likewise, the protection of the habitual residence of those who act as guarantors of the main debtor is increased.

### **SELF-EMPLOYED**

An extraordinary benefit is created for cessation of activity or fall in more than 75% of its turnover.

### **TELECOMMUNICATIONS**

Guarantee in the provision of the universal service of telecommunications and in the maintenance of electronic communication services and broadband connectivity, mainly for (i) online work, (ii) the performance of Electronic Administration activities, (iii) commercial or leisure activities, and (iv) others.

### CONSUMERS AND USERS

Given the limitation of their freedom of movement, the deadline for the return of products (purchased either in person or online) is interrupted during the state of alarm.

### TELE-WORK SYSTEMS WILL BE PRIORITIZED

With measures to (i) expand the provision of solutions and services for digitization with measures to support SMEs and (ii) promote work-life balance, the right to adjust hours and reduce working hours, in certain cases.

### TAX MEASURES

Together with the first measures in the fight against Covid-19 approved by Royal Decree-Law 7/2020, of March 12, article 33 of RDL 8/2020 establishes flexible measures for payment deadlines of tax assessment issued by the administration, both in the voluntary and in the executive period, as well as the payment that may be made in accordance with deferrals and installments already approved before the entry into force of RDL 8/2020.

In this sense, the following deadlines are suspended and will be extended until April 30th, 2020:

- Voluntary and executive payment period of tax debts derived from tax assessments issued by the Tax Authorities, such as those derived from tax inspections, penalties, surcharges or provisional settlements.
- The expiration of deferrals deadlines and installments payments which have been already granted.
- The deadline related to the development of public auctions and liquidation of assets in payment of debts
- Deadlines to meet requirements, seizure proceedings and requests for information with tax implications, as well as deadlines for allegations whose term has not concluded before the entry into force of RDL 8/2020.
- Within the executive procedure to settle the payment of tax debts, guarantees that fall on real estate will not be executed until April 30, 2020.

**This suspension of these periods and terms, and its extension until April 30**, will apply to those administrative assessments or procedures that have been notified to the taxpayer before the entry into force of RDL 8/2020 (that is, before March 18, 2020).

The period between March 18 and April 30 will not count for the purposes of the duration of the tax procedures maximum period, but the administration may carry out procedures and promote them if they are essential. This period also does not count for the purposes of statute of limitation.

The terms to file appeals or claims will start from April 30 unless the notification to appeal in accordance with the rule is made later.

*There are certain specific deadlines in relation to procedures with the cadastral office and certain limitations to the present suspension in the case of certain resources.*

## LABOUR MEASURES

Regarding labor matters, the Government, trying to avoid situations of layoffs and encouraging employers to maintain human capital, has decided to adopt measures to make it possible to temporarily suspend contracts or temporarily reduce workers' hours, further streamlining these procedures. This entails the resumption of the contract once the alarm state ends.

It should be noted that the companies benefiting from these Temporary Employment Regulation Files will be exempt from paying 75% to Social Security, said exemption reaching 100% in the case of companies with less than 50 workers. For more detail, you can consult <https://www.uhy-fay.com/blog/incidencia-del-rd-8-2020-de-17-de-marzo-en-el-ambito-laboral/>

## ECONOMIC MEASURES FOR FINANCING COMPANIES

On the other hand, to immediately provide additional liquidity to companies, especially exporting companies, SMEs and the self-employed, the approval of a line of guarantees on behalf of the State for companies and self-employed workers of up to 100,000 million euros is foreseen, which It covers both the renewal of loans and new financing by credit institutions, etc., also allowing the ICO's net borrowing capacity to be expanded in the State Budget Law. These business financing measures have a fiscal impact. RDL 8/2020 has approved:

- 1) Line of guarantees that covers both the renewal of loans and new financing by credit institutions to meet their needs derived, among others, from the management of invoices, the need for currency or other liquidity needs, including those derived from maturities of financial or tax obligations, to facilitate the maintenance of employment and mitigate the economic effects of COVID-19.
- 2) ICO Lines: It is allowed to expand the net debt capacity of the ICO.
- 3) CESCE: In order to strengthen the liquidity of exporting companies, CESCE's capacity to increase coverage on behalf of the state of its guarantees is reinforced.

***The deeds required to formalize these contractual novations of mortgage loans and credits that are produced under the Royal Decree-Law 8/2020, will be exempt from the stamp duty tax.***

## CUSTOMS FORMALITIES

Customs import formalities in the industrial sector are streamlined in order to guarantee the supply chain of imported goods, as well as exports.

## PUBLIC SECTOR CONTRACTS

To avoid giving resolutions to public sector contracts, a specific suspension regime is foreseen, preventing the resolution of public contracts by all the entities that make up the public sector.

## FINANCIAL CREDITS TO AGRICULTURAL HOLDINGS

Regarding the borrowers of financial credits granted to holders of agricultural holdings affected by the drought of the year 2017, they are allowed to voluntarily agree to extend the repayment period of up to one year (which may be lacking).

## PROMOTION OF THE INVESTIGATION

In order to promote research on the disease, measures have been approved to reinforce the control of public spending and the following extraordinary credits have been authorized in the budget of the Ministry of Science and Innovation:

AMOUNT	Reason
950.000€	For exceptional needs caused by the crisis of the coronavirus COVID-19
24.000.000€	For direct award grants for coronavirus COVID-19 research projects and programs
250.000€	For exceptional needs caused by the crisis of the coronavirus COVID-19
390.000€	For current expenses related to the investigation of the coronavirus COVID-19
4.060.000€	for capital expenditures related to the investigation of the coronavirus COVID-19

## MEASURES APPLICABLE TO LEGAL PERSONS WITH PRIVATE LAW

Lastly, Chapter V of Royal Decree-Law 8/2020 includes other extraordinary measures, among which those applicable to legal entities under private law, such as (i) the suspension of the term for which a debtor who is in state insolvency has the duty to request the declaration of insolvency, (ii) the term to formulate and submit the annual accounts, ordinary or abbreviated, individual or consolidated, and (iii) to formulate the other documents that are legally required by law of companies

**Please contact us for any questions that may arise by phone, email or video conference:**

### MADRID

91 426 07 23

[madrid@uhy-fay.com](mailto:madrid@uhy-fay.com)

### BARCELONA

93 595 50 50

[sblasco@uhy-fay.com](mailto:sblasco@uhy-fay.com)

### MÁLAGA

952 76 40 65

[idp@uhy-fay.com](mailto:idp@uhy-fay.com)

### MARBELLA

952 76 40 65

[idp@uhy-fay.com](mailto:idp@uhy-fay.com)

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