



**EXTRAORDINARY SOCIO-ECONOMIC**  
**MEASURES COVID-19:**  
**Royal Decree-Law 8/2020**

*Barcelona, 19 March 2020*

**SUMMARY**

Yesterday, the Government approved an Emergency Plan, included in Royal Decree 8/2020, which includes extraordinary emergency measures to deal with the social and economic impact caused by the COVID-19 health crisis.

This NEWS ALERT V summarises the most important urgent measures affecting the labour, financial, tax, commercial and corporate areas and also the consumer area.

**TO DIRECTLY ACCESS THE AREAS OF YOUR INTEREST, CLICK ON THE NAME OF THE AREA YOU WISH TO CONSULT.**

<b>LABOUR AREA</b>	<b>FINANCIAL AREA</b>	<b>TAX AREA</b>	<b>COMMERCIAL- CORPORATE AREA</b>	<b>CONSUMER AREA</b>
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## **LABOUR MEASURES**

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### **1. Preference for distance working or teleworking**

Businesses will preferably organise themselves by means of remote working, **provided this is technically and reasonably possible**, and without the business's adaptation being disproportionate.

### **2. Right to adapt working hours and reduce the working day**

Workers who can prove that they have a duty of care towards their spouse or partner and relatives up to the second degree of consanguinity, as a result of exceptional circumstances arising from the COVID-19 crisis, **may adapt and/or reduce the working day, with the consequent proportional reduction in salary in the case of a reduction. The reduction of the working day can reach up to 100% of the working day.**

### **3. Temporary Lay-off Plans (ERTE)**

Temporary lay-off plans ("Expedientes de Regulación Temporal de Empleo" or "ERTE") due to the suspension of contracts and reduction in working hours due to COVID-19 **will be regarded as force majeure**, and processing will be made more streamlined and rapid.

### **4. Exemption from the payment of employer's social security contributions**

Companies with an ERTE are **exempt from paying the company's social security contributions for the workers concerned**. For companies with more than 50 employees on 29 February 2020 the exemption will be 75% of the employer's contribution, and for companies with less than 50 employees the exemption will be 100%. This exemption will have no effect on the workers concerned.

### **5. Entitlement to contributory unemployment benefit**

Workers affected by an ERTE will be entitled to contributory unemployment benefit, **even if they have not completed the minimum period of contributory employment required to do so**. The time during which the unemployment benefit is received will **not be taken into account for the purposes of consuming** said benefit.

**EXTRAORDINARY SOCIO-ECONOMIC MEASURES****COVID-19:****Royal Decree-Law 8/2020****6. Termination benefit for self-employed persons**

The benefit for cessation of activity will be granted to self-employed workers when their activities are suspended or when their billing in the month prior to that for which the benefit is requested is reduced by at least 75% in relation to the average billings for the previous six-month period. **The amount of the benefit will be 70% of their contribution base** and will have a **duration of one month**, unless the state of emergency is extended.

These measures will remain in force as long as the extraordinary situation resulting from COVID-19 continues and subject to the company's commitment to maintain employment for a period of 6 months from the date of resumption of activity.

## **FINANCIAL MEASURES: GUARANTEEING COMPANIES' LIQUIDITY**

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Measures to strengthen liquidity and prevent **solvent companies** that are negatively affected by this **transitory and exceptional situation** from going out of business.

**Λ Line of government-backed guarantees.**

**A line of government-backed guarantees for companies and the self-employed of up to €100,000 million** for the renewal of loans and new financing for managing receivables, working capital requirements or other liquidity needs, including those arising from the maturity of financial or tax obligations, to facilitate the maintenance of employment and mitigate the economic effects of COVID-19.

**Λ Expansion of the ICO's net lending capacity.**

The net lending capacity of the Official Credit Institute (ICO) is increased by €10,000 million in the Budget Act to immediately provide additional liquidity to companies, especially SMEs and the self-employed, through the existing ICO financing lines.



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### **^ ACCELERATED PLAN for digitisation of SMEs.**

- Advice and training.
- **Assistance from RED.es for the creation of technological solutions** (R&D+i) for Spanish digital companies.
- **Financial support measures through the Official Credit Institute**, with the planned allocation of up to €200 million over the next two years, for **digitisation equipment and services** and teleworking solutions.

### **^ Extraordinary line of insurance coverage.**

To strengthen the liquidity of export companies that meet 1 of the following requirements:

- **Unlisted companies** with international business and 33% of revenue made abroad (latest financial information available).
- **Regular export companies.**

**The applicable conditions and requirements to be met, including the maximum period for the application of the guarantee, will be established by a ministerial resolution today.**

## **TAX MEASURES**

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In the tax area, the RDL approved yesterday by the Council of Ministers and published today in the Official State Gazette contains few developments in the tax field, apart from those mentioned below

### **1. Deferral of tax liabilities**

In the Note on Emergency Measures sent recently we reported on the news regarding **tax liability deferrals** without the provision of guarantees. There have been no new developments in this regard, this possibility is maintained only for **taxpayers with turnover in 2019 of less than €6 million and with a limit of €30,000 on payments in instalments.**

### **2. Suspension of administrative time limits**

We should also mention the **suspension of administrative time limits** approved by RD 463/2020, a matter that today has been clarified in a new RD that indicates the

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non-application of this suspension in the tax area, which must be governed by its own deadlines.

In this respect, RDL 8/2020 published today **suspends the time limits** for complying with **requirements, seizure proceedings and requests for information** with tax implications, for making allegations in relation to the commencement of such proceedings or hearings, issued in procedures for the application of taxes, penalties or declarations of nullity, refund of incorrectly paid taxes, correction of material errors and revocation. All the above proceedings that are in progress as of today's date may avail themselves of said suspension of time limits. All of them will be **generally extended until 30 April 2020** unless these procedures provided for longer deadlines. This period is extended until 20 May, when the above actions are notified as from 19 March.

It is important to note that the RDL itself establishes that, if the taxpayer complies with the requirement during this suspension period, it will be understood that the taxpayer has waived any such suspension and therefore the deadlines originally established will be understood to remain in effect.

**3. Tax returns**

No specific provisions are laid down in relation to the **deadlines for filing tax returns and paying taxes, and therefore the usual filing obligations in terms of deadlines and payment are maintained.**

**4. Suspensions of time limits (exceptions)**

**A suspension is agreed of the deadlines for payment of tax liabilities provided for in Article 62 (2) and (5) of the General Tax Law, and the expiration of the deadlines and instalments under resolutions on deferrals and instalments already granted.**

That is, exclusively for:

- Tax liabilities resulting from **assessments made by the Administration.**
- Tax liabilities, once **the enforcement period has begun** and notice thereof has been served



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**This suspension is foreseen until 30 April or 20 May, depending on the case concerned.**

**5. Law on Transfer Tax and Stamp Duty**

A new exemption is added to the Tax on Transfer Tax and Stamp Duty approved by Legislative Royal Decree 1/1993 of 24 September, **exempting deeds for the formalisation of contractual novations of mortgage loans from the graduated portion of this tax** which are executed under the Royal Decree-Law on extraordinary emergency measures, provided that they respond to the economic and social impact of COVID-19.

**Catalan Tax Agency Decree Law**

The website of the Tax Agency of Catalonia **has announced the approval on March 17 of a Decree-Law which provides for a moratorium on deadlines for self-assessment and payment of all taxes pertaining or allocated to the Government of Catalonia** until the end of the state of emergency decreed by the Spanish Government on March 14. The Decree Law will enter force on the day of its publication in the DOG, which at the time of writing appears not to have taken place.

## **COMMERCIAL AND CORPORATE MEASURES**

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The measures taken in this area are as follows:

**a) Meetings of governing bodies by videoconference**

Possibility of holding **videoconferences** that ensure the authenticity and bilateral or plurilateral connection in real time with image and sound of the remote attendees, even when a company's bylaws do not envisage this option, for meetings of:



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- ^ **The governing and administrative bodies** of associations, civil societies and trading companies.
- ^ **The Governing Council of cooperative societies.**
- ^ And **Boards of Trustees of Foundations.**

This rule will also apply to the **delegated committees and other compulsory or voluntary committees** set up by the legal person or entity in question.

In all cases the meeting will be deemed to have taken place at the registered office of the legal person or entity.

**b) Adoption of resolutions of governing and administrative bodies by written vote without a meeting**

Possibility of adoption, by means of a written vote and without a meeting, provided that the Chairman so decides or at least two of the members of the body so request, **even if not provided for in the entity's bylaws**, of resolutions by:

- ^ **The governing and administrative bodies** of associations, civil societies and trading companies.
- ^ **The Governing Council of cooperative societies.**
- ^ And **Boards of Trustees of Foundations.**

This rule will also apply to the **delegated committees and other compulsory or voluntary committees** set up by the legal person or entity in question.

**In all cases the meeting will be deemed to have taken place at the registered office of the legal person or entity.**

The formal requirements set out in Article 100 of the Commercial Registry Regulations (Royal Decree 1784/1996 of 19 July) must be complied with, including organisations that do not have the status of trading companies.

**EXTRAORDINARY SOCIO-ECONOMIC MEASURES****COVID-19:****Royal Decree-Law 8/2020****c) Suspension of the three-month deadline following the year end for drawing up the annual accounts**

**The three-month period from the year end** for drawing up the annual accounts (individual or consolidated) and, where appropriate, the management report and other documents that may be required under company law **by the governing bodies of legal entities subject to this requirement is suspended** .

**The suspension will last until the end of the state of emergency.**

As from the date on which the state of emergency terminates, a three-month period will be allowed for drawing up the annual accounts (individual or consolidated) and, where appropriate, the management report and other documents that may be required under company law.

**d) Extension of the period for auditing annual accounts already drawn up before the date on which the state of emergency was declared**

**The deadline for auditing annual accounts** that had already been drawn up at the date of the declaration of the state of emergency (14 March 2020) **is extended by two months**, starting from the date of termination of the state of emergency.

**e) Change in the period for holding the Ordinary General Meeting**

The **Ordinary General Meeting for approving** the annual accounts for the previous year must necessarily be held **within three months** from the date of the completion of the period for drawing up the annual accounts.

**f) Possibility of suspending or modifying the date and place of General Meetings convened before the date of the declaration of the state of emergency to a later date**

The governing body may: (i) either **change the place and time envisaged for the holding of the General Meeting** which, having been called on a date prior to the date of declaration of the state of emergency (14 March 2020), is to be held on a date subsequent to the date of declaration of the state of emergency (14 March 2020); (ii) or **revoke the resolution announcing the meeting** by means of a notice published at least forty-eight



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hours in advance on the company's website and, if the company does not have a website, in the Official State Gazette.

In the event of a revocation of the announcement resolution, the administrative body must issue a new call in the month following the date on which the state of emergency terminates.

**g) Suspension of shareholders' right of separation:**

While the state of emergency is in force, the **company shareholders may not exercise their right of separation**, even if there are grounds for doing so by law or under the by-laws. This can be done once the state of emergency is over.

**h) Extension of the period for reimbursement to cooperative members of their contributions in the event of their separation from the Cooperative during the state of emergency:**

The period for reimbursing contributions to **cooperative members** in the event of their leaving the Cooperative during the state of emergency, is **extended to six months after the date on which the state of emergency ends**.

**i) Extension of the deadline for the dissolution of trading companies due to the expiration of their duration under the by-laws:**

If, during the state of emergency, the **duration of trading companies** established in their by-laws expires, the company will **not be legally dissolved** until two months have elapsed from the date on which the state of emergency ends.

**EXTRAORDINARY SOCIO-ECONOMIC MEASURES****COVID-19:****Royal Decree-Law 8/2020****j) Suspension of the period for convening the General Meeting in the event of grounds for dissolution by law or under the by-laws:**

If, before the declaration of the state of emergency and during the term thereof, **a reason for the dissolution of the company by law or under the by-laws emerges**, the legal period for the convening by the administrative body of the General Meeting of shareholders to adopt the dissolution resolution or resolutions aimed at enervating the grounds for dissolution **is suspended until the end of the state of emergency**.

**k) Exoneration of the administrative body from liability for the company's debts incurred during the state of emergency in the event that, while the state of emergency is in force, there are legal grounds for the dissolution of the company:**

If the grounds for dissolution by law or under the by-laws **arise during the state of emergency**, the directors **will not be liable for the company's debts** incurred during that period.

**l) Suspension of the expiration of registry entries:**

During the state of emergency, the **period for the expiration of initial entries, preventive notes, mentions, margin notes and any other registry entries liable to cancellation due to the passing of time is suspended**.

The calculation of the time periods will be **resumed the day after the end of the state of emergency**.

**m) Suspension of the deadline for applying for insolvency proceedings:**

During the state of emergency, **any insolvent debtor is not obliged to apply for a declaration of insolvency**.

Until **two months** after the **end of** the state of emergency, judges will **not admit necessary insolvency petitions** submitted during the state of emergency or during the two months following the end thereof; and if a petition for voluntary insolvency has been submitted, it will be admitted in preference to a necessary insolvency petition even if the date of submission of the latter is prior to the date of submission of the voluntary insolvency petition.

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During the state of emergency, **debtors that have notified the court with jurisdiction** for the declaration of insolvency of the commencement of negotiations with creditors to reach a refinancing agreement or an out-of-court settlement, or to obtain adhesions to an advance settlement proposal, will not be **obliged to apply for a declaration of insolvency**, even if the period referred to in Article 5.(ii).5. of Law 22/2003 of 9 July on Insolvency has expired.

## CONSUMER MEASURES

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### A) Guaranteeing water and energy supply to vulnerable consumers

During the month following the entry into force of Royal Decree 8/2020, i.e. 18 March 2020, **suppliers of electricity, natural gas and water may not suspend supply to those consumers who are vulnerable, severely vulnerable or at risk of social exclusion** as defined in Articles 3 and 4 of Royal Decree 897/2017 of 6 October, which regulates the status of vulnerable consumers, the social bond and other protection measures for domestic consumers.

The **validity of the social bond is automatically extended until 15 September 2020** for those beneficiaries of the bond where it is due to expire prior to said date in accordance with Article 9.2 of Royal Decree 897/2017 of 6 October.

### B) Home mortgage moratorium

**Holders of mortgage loans for financing the acquisition of habitual dwellings that are deemed to come under the grounds for economic vulnerability** under Article 9 of Royal Decree 8/2020 which are in force at the entry into force of this Royal Decree, that is, on 18 March 2020, **may apply**, until fifteen days after the end of the validity of the RD, for a **moratorium on the payment of a mortgage loan for acquiring their habitual dwelling from the lender**.



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The moratorium application will involve:

- Λ The **suspension of the mortgage debt during the period stipulated** for the moratorium.
- Λ The **non-application**, during the period of the moratorium, of any **early maturity clause** in the mortgage loan contract.
- Λ The **inability of the lending institution**, during the term of the moratorium, to **demand payment of mortgage** instalments or any of the items comprising it (repayment of principal and/or payment of interest), either in full or as a percentage.
- Λ The **non-accrual of interest during the term of the moratorium**.
- Λ The **non-application of default interest** during the period of the moratorium.

These same measures will be applied to the **main debtor's guarantors and sureties**, with respect to their habitual residence and under the **same conditions as those established** for the mortgage debtor in a situation of economic vulnerability.

**C) Guaranteeing the maintenance of electronic communication services and broadband connectivity:**

During the state of emergency, **companies providing electronic communication services will maintain the provision of their services contracted by their customers** at the date of commencement of the state of emergency and **may not suspend or interrupt** them, except for the reasons of integrity and security of the networks and electronic communication services defined in Article 44 of Law 9/2014 of 9 May on Telecommunications, even if the possibility of suspension and/or interruption is envisaged in the service contracts with customers.



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### **D) Suspension of deadlines for returning products:**

**The deadlines for returning products purchased in any manner, either in person or online, are suspended. The calculation of the deadlines will be resumed when the state of emergency terminates.**

## **ADDITIONAL MEASURES**

Royal Decree-Law 8/2020 also lays down the following:

### **^ Extension of the validity of adults' National Identity Document (DIN)**

**The validity of adults' National Identity Documents** is extended **until 13 March 2021** from the date of entry into force of the state of emergency (14 March 2020) until the aforementioned date of 13 March 2021.

This extension of the validity of National Identity Documents for adults will allow the renewal, for the same period of time, of the recognised certificates incorporated in it.

**The full text of Royal Decree 8/2020 may be consulted at the following link:**

**<https://www.boe.es/boe/dias/2020/03/18/pdfs/BOE-A-2020-3824.pdf>**

**We will continue to inform you of any new socio-economic measures that may arise as a result of the COVID-19 pandemic.**



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The professionals that regularly work with your company are at your disposal for any clarification or additional information you may require in relation to the content of this Alert. Please contact us by telephone at **934 677 414**.

Yours sincerely,

**AUDICONSULTORES**

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