



EMERGENCY MEASURES COVID-19: **Impact on self-employed workers**

Barcelona, 24 March 2020

SUMMARY

In this News Alert we explain the main measures taken by the Central Government and the Government of Catalonia with respect to the self-employed. We will refer to the extraordinary benefits and aid, and tax deferral arrangements established to date.

EXTRAORDINARY BENEFIT FOR CESSATION OF ACTIVITY FOR PERSONS AFFECTED BY THE STATE OF EMERGENCY

Self-employed persons will be entitled to receive an extraordinary benefit due to the cessation of their business activities.

^ Which self-employed workers will be entitled to the benefit?

Those whose **business activity has been suspended** or whose income in the month prior to that for which they are applying for the benefit has been **reduced** by at least **75%** in relation to the average income for the preceding six-month period.

^ Do I have to meet any requirements?

Yes, the following three:

- **Being registered**, as of 14 March, with the Special Social Security Scheme for Self-Employed Workers (**RETA**).
- For the self-employed whose activity has not been suspended, **evidence of a reduction in income** of at least 75 per cent.
- Being up to date with the **payment of Social Security contributions**. Otherwise, any non-payment of outstanding contributions can be rectified and the extraordinary benefit can be applied for.



EMERGENCY MEASURES COVID-19:
Impact on self-employed workers

^ What is the amount of the benefit?

The **extraordinary benefit will be 70% of the regulatory contribution base**. For example, for self-employed persons with the minimum contribution base, the benefit **will be equivalent to €661.05**.

^ How long will it last?

The benefit will last for **one month**. However, it will be extended if the state of emergency is prolonged and lasts longer than a month.

^ Will I have to pay contributions while I am receiving the benefit?

No. **The contribution for the period over which the benefit is received is understood to be paid.**

^ I am self-employed and pay tax through the modules arrangement. How do I provide evidence for the loss of income?

Recently, the Social Security has reported that it is studying how to adapt this benefit for **those self-employed workers who are exempt from issuing invoices**. **We will keep you informed as the question is resolved.**

^ I am a self-employed director contributing under the RETA system. May I receive the extraordinary benefit?

No. Self-employed directors are covered by **the RETA contribution system** but do not carry out business activities for their own account. Therefore, the extraordinary benefit will not be applicable to them.

^ Can I apply for the extraordinary benefit now?

Self-employed workers whose activity has ceased by virtue of the Royal Decree establishing the state of emergency may already start the application process.

Self-employed workers who can evidence a reduction in their income must wait until **1 April**.



EMERGENCY MEASURES COVID-19:
Impact on self-employed workers

LOSS COMPENSATION FOR SELF-EMPLOYED WORKERS IN CATALONIA

The Government of Catalonia has established aid, in the form of a single benefit, for a **maximum amount of €2,000**, for **self-employed workers** registered with the Special Social Security Scheme for Self-Employed Workers (**RETA**).

^ Which self-employed workers will be eligible for aid?

Those **with their residence for tax purposes in Catalonia** whose business activity has been suspended and who can provide evidence for a drastic and involuntary reduction in their income as a result of the coronavirus. **Provided that they do not have alternative sources of income.**

^ How do I evidence the drastic and involuntary reduction in my income?

By **comparing the figures obtained in March 2020 with the same month in 2019.**

^ Can I benefit from this aid in addition to the special benefit established by the central government?

No, **this benefit is incompatible with any other aid**, benefit, subsidy or grant given for the same purpose.

In relation to this **benefit**, **a number of doubts** have arisen such as the quantification of the aid and incompatibility with the extraordinary central government benefit. **We will therefore keep you informed as they are resolved.**

In any event, **applications cannot be made until 1 April**, as the Department of Employment has stated.



EMERGENCY MEASURES COVID-19:
Impact on self-employed workers

DEFERRAL OF TAX LIABILITIES BY SELF-EMPLOYED PERSONS

The Government has decreed an **exceptional mechanism for the deferral of tax liabilities pertaining to the Tax Administration State Agency (AEAT)**, which will affect the payment of self-employed workers' self-assessments for their business activities.

^ Which tax liabilities can be deferred?

All tax liabilities incurred may be deferred, even those classified as non-deferrable, such as **withholdings or Value Added Tax (VAT)**.

^ To which returns or self-assessments do these measures apply?

Those **with a filing deadline between 13 March and 30 May**.

Generally, self-employed workers will be affected by the deferral of the tax payable for the **first quarter of 2020**, which falls due in April.

^ Does this mean that tax returns for the first quarter of 2020 do not have to be filed?

No. This measure refers to the possibility of deferring payment of the tax liability; **self-assessments or tax returns must still be submitted**.

^ Is there a quantitative limit on the deferral?

Yes, **€30,000 calculated jointly** for each return or self-assessment.

^ What is the maximum period of deferral?

Tax liabilities can be deferred for **up to 6 months**. In the first three months, late-payment interest will not accrue.

^ What late-payment interest will I pay if I defer payment of €10,000 in my VAT return?

If the tax is deferred and paid within 3 months, **no late-payment interest will be payable**.

If the tax is deferred and paid within 6 months, late-payment interest will amount to **€93.75**.



EMERGENCY MEASURES COVID-19:
Impact on self-employed workers

We will continue to inform you of any new measures and/or changes in legislation that may arise as a result of the COVID-19 pandemic.

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 Circular Letter. Please contact us by telephone at **934 677 414**.

Yours sincerely,

AUDICONSULTORES

The sole aim of this Circular Letter is to provide its recipients with a selection of general information items about novelties or issues of a labour, tax or legal nature, without this constituting professional advice of any kind or being sufficient for the making of personal or business decisions. © 2020 "Audiconsultores Advocats i Economistes, S.L.P.".

All rights reserved.