



EMERGENCY MEASURES COVID-19
Royal Decree-Law 11/2020 (II)
**Complementary measures to provide temporary support for
businesses:**

[Support for the
self-employed](#)

[Families and
vulnerable groups](#)

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In view of the diversity of areas for which this RDL 11/2020 introduces measures to support businesses faced by the transitional difficulties resulting from COVID-19, this [News Alert XVII](#) focuses on measures to support self-employed workers and on measures aimed at families and vulnerable groups.



SUPPORT MEASURES FOR THE SELF-EMPLOYED

○ Moratoria in payments of Social Security contributions

On an exceptional basis, the Social Security Treasury Department (TGSS) is authorised to grant companies and self-employed workers 6-month interest-free moratoria on the payment of contributions, provided that they file the relevant applications and meet the requirements that will be established by Ministerial Order.

For companies, the period during which the moratorium will accrue is between April and June 2020 and for self-employed workers the period will be between May and July 2020, provided that their activities have not been suspended as a result of the State of Emergency.

The application for a moratorium must be filed with the TGSS within the first 10 calendar days of the regulatory payment periods corresponding to the above-mentioned accrual periods and must be filed through the RED system in the case of companies. Self-employed workers must submit their applications through the same RED system or by other electronic means at the web portal of the Secretariat of State for Social Security (SEDESS).

The granting of the moratorium will be notified by the TGSS within the three months following the month in which the application is filed by the means indicated in the foregoing paragraph. However, said notification of the granting of the moratorium will be considered to have been made with respect to payments of contributions that are made as from the time the application is submitted.

The application for a moratorium will not be applicable to the contribution account codes for which the companies have obtained exemptions in the payment of employers' contributions and in the joint collection items regulated under Article 24 of Royal Decree Law 8/2020 of 17 March.

Any fraudulent applications will be subject to the relevant sanctions and to the accrual of the corresponding penalty charges and interest with respect to the contributions to which the moratorium has been unlawfully applied.

○ Deferral in the payment of Social Security liabilities

Companies and self-employed workers, provided they have no other deferrals in effect, may request a deferral of the payment of their social security liabilities for which the statutory payment period is between April and June 2020, under the terms and conditions established in the Social Security regulations and subject to interest at a rate of 0.5%.

The deferral application must be filed during the first 10 calendar days of the statutory payment period.



- **Rescheduling of loans granted by Regional Governments and local authorities**

Article 50 of Royal Decree-Law 11/2020 lays down that companies or self-employed workers that are the beneficiaries of credit facilities or loans granted by a Regional Government or local authority may apply to defer payment of the principal and/or interest to be paid in the remainder of 2020.

As a requirement for eligibility for this rescheduling the applicant must have been affected by the COVID-19 health crisis or by the measures taken to alleviate it, having undergone:

- a) Periods of inactivity and/or
- b) A significant reduction in income, and/or
- c) Supply interruptions in the value chain that make it difficult or impossible to meet payments.

The deferral application must be filed by the end of the voluntary payment period and must include:

- a) A report justifying the insufficient nature of ordinary resources or serious difficulties in meeting deadlines, including a statement of accounts just prior to the health crisis, a qualitative and quantitative explanation and a financial assessment of the impact, and an action plan to mitigate the effects.
- b) Signed statement that the party concerned is up to date with tax and Social Security obligations, does not have any debts relating to repayments of grants or loans from the authorities and has filed the annual accounts, as appropriate.
- c) Signed statement of compliance with the limits on the permissible intensity of assistance and other regulations laid down in EU regulations on government aid.

This deferral measure, which must be expressly approved, will only affect loans granted exclusively by public institutions and which are considered for accounting purposes as financial liabilities by borrowers and will not be applicable when the lender has already adopted a similar measure.

The time limit for the resolution of the procedure and its notification is ONE MONTH as from the filing of the application. If, on completion of that period, the body responsible for taking the relevant decision has not notified its decision, the persons concerned should understand that the deferral application has been rejected.

The approval of the application will imply a change in the repayment schedule while respecting the maximum term of the loan. The deferred payments may be split and will accrue the interest rate fixed for the loan. No financial charges or costs will be applied.

- **Social bond for self-employed workers**



Recognition of the status of vulnerable consumer in relation to the social bond applicable to supply contracts for their habitual residence, for self-employed workers who evidence that they are entitled to the benefit due to the total cessation of their professional activity or because their income has fallen by at least 75 percent in the month prior to that in which the social bond is applied for with respect to their average income for the preceding six-month period.

The duration of this measure may not extend beyond six months.

- **Increased flexibility in supply contracts**

Articles 42, 43 and 44 provide for certain measures allowing greater flexibility in contracts for the supply of electricity and natural gas and the suspension of payments of electricity, natural gas and certain petroleum products bills.

- **Amendment of Royal Decree-Law 8/2020 of 17 March**

As a result of the approval of Royal Decree Law 11/2020, the wording of Article 17(1) of Royal Decree Law 8/2020 of 17 March, among others, has been amended and three new paragraphs, numbers 7, 8 and 9, have been added to Article 17.

The main changes compared to the original Article 17 are:

- ^ It is established that for self-employed workers who carry out activities registered under CNAE 2009 codes from 9001 through 9004, the reduction in income will be calculated in relation to that of the previous 12 months.
- ^ For agricultural production of a seasonal nature, the requirement will be understood to have been met when the average income in the months of the production campaign preceding that for which the benefit is applied for has declined by at least 75% in relation to the same months in the preceding campaign.
- ^ Paragraph 7. In the event of a suspension of activity, contributions relating to the days of activity in March 2020 not covered by the benefit regulated in Article 17 and not paid on time will not be subject to a penalty charge.
- ^ Paragraph 8. Recognition of the benefit regulated in the aforementioned Article 17 may be requested until the last day of the month following the end of the state of emergency.
- ^ Paragraph 9. The reduction in income will be attested to by providing supporting accounting information.



MEASURES AIMED AT FAMILIES AND VULNERABLE GROUPS

1.- Suspension of eviction proceedings and seizure of vulnerable households.

Once the procedural time limits suspended by the state of emergency are resumed, if the lessee provides evidence of a situation of social or economic vulnerability due to the effects of Covid-19 that makes it impossible to find alternative housing, an extraordinary suspension of the eviction will be initiated and, if the eviction has not yet been ordered, the hearing will be suspended until the measures that the social services deem appropriate are adopted. The suspension shall be retroactive to the date on which the alleged economic vulnerability occurred.

The situation of supervening social or economic vulnerability must be alleged before the public legal service and the latter must notify the social services to this effect. It is also understood that the consent of the lessor to make this judicial notification has been given.

2.- Extraordinary extension of rental contracts for habitual dwellings.

Rental contracts for homes subject to the Urban Lease Act which expire between the entry into force of this decree law and two months after the end of the state of emergency, if the lessee so requests, may be extended on an extraordinary basis for a maximum period of six months, under the same conditions as the contract in force. The extension must be accepted by the lessor, unless otherwise agreed by the parties.

3.- Housing lease companies or public entities and large-scale property owners. Moratorium on overdue rent and application thereof.

Any lessee who is in a situation of economic vulnerability (defined in the terms to be described) may request from the lessor (provided that the latter is a public housing company or entity or large-scale property owner) a temporary, automatic and extraordinary postponement in the payment of the rent, if this postponement or the total or partial remission of the rent has not already been agreed.

A large-scale property owner shall be understood to be a natural or legal person that owns more than ten urban properties, excluding garages and storage rooms, or a constructed surface area of more than 1,500 m².

The application must be made by the lessee within one month from 2 April 2020.

Once the application has been made by the lessee, the lessor can decide between two alternatives:

- Λ Reduction of 50% in the rent for the duration of the state of emergency and up to a maximum of four months after the end of the state of emergency.



- ^ Moratorium on rent payments for the duration of the state of emergency and the following monthly payments, which can be extended, one by one, up to a maximum of four months following the end of the state of emergency.

The unpaid rent will be spread over future rental payments for at least three years and as long as the term of the rental contract or any of its extensions continues, without the lessee being subject to any penalties or applicable interest.

4.- Lessors that are not housing lease companies or public entities or large-scale property owners. Exceptional amendment of rental contractual conditions.

Lessees under rental contracts for habitual dwellings subject to the Urban Lease Act who are in a situation of economic vulnerability may request from the lessor (who is not a public housing entity or company or large-scale property owner) a temporary and extraordinary postponement of the rent, provided that such postponement or the total or partial remission of the rent has not already been agreed.

The application must be made by the lessee within one month from 2 April 2020.

Once the application has been made by the lessee, the lessor will inform the lessee, within a maximum of 7 business days, of the conditions for deferral or the apportioned payment of the debt that the lessor accepts or, failing that, of the possible alternatives the lessor proposes in relation thereto.

If the lessor will not accept the deferral, the lessee will be eligible for the financial assistance listed below.

5.- Definition of economic vulnerability for the purposes of rental assistance for habitual dwellings.

The following requirements must all be fulfilled to qualify for economic vulnerability :

- Persons that are unemployed, subject to temporary lay-off proceedings or subject to a reduced timetable which implies a substantial loss of income and the household income in the month prior to the application for a moratorium does not reach a limit of three times the Public Multiple Effects Income Indicator (IPREM); this limit may be increased: (i) due to dependent children; (ii) due to members of the household over 65 years of age, in a situation of dependence or illness that permanently disables them from working; (iii) due to a situation of cerebral palsy, mental illness, recognised mental disability equal to or greater than 33% and/or recognised physical or sensory disability equal to or greater than 65% in the person obliged to pay the rent; (iv) and/or due to a situation of serious illness of the



person obliged to pay the rent or his/her carer that disables them (attestably) from being able to work.

- The rent plus expenditure on basic supplies, as defined in the Royal Decree Law, accounts for 35% or more of the net household income.
- The lessee or any other member of the household is not the owner or usufructuary of a dwelling in Spain.

The fulfilment of these conditions must be accredited by the lessee to the lessor, in the manner detailed in the Royal Decree Law, by presenting official documents or by means of a signed statement justifying the reasons why such documents cannot be provided, the lessee having one month from the end of the state of emergency to complete the outstanding documents.

Persons who have benefited from the moratorium without meeting the requirements will be liable for any damages they may have caused.

6.- Financial assistance for leases.

- Guarantee facility for funding lessees in a situation of social and economic vulnerability and aid programmes:

The Ministry of Transport, Mobility and the Urban Agenda is authorised, by agreement with the Official Credit Institute, to develop a guarantee facility with full government backing for a period of up to fourteen years so that banks can offer transitional financial assistance to persons in a situation of social and economic vulnerability as a result of Covid-19, in order for this assistance to be used to pay rent, subject to a maximum amount equivalent to six monthly payments.

- New aid programme to help minimise the economic and social impact of COVID-19 on home rentals.

The aim of the programme will be to grant directly awarded rental assistance to persons that rent their habitual residence and who, as a result of the economic and social impact of COVID-19, have transitory difficulties in paying all or part of their rent and who qualify as being economically vulnerable.

The amount of the aid will be up to €900 per month and up to 100% of the rent or, where appropriate, up to 100% of the principal and interest of the loan taken out by the lessee to pay the rent on their habitual dwelling.

7.- Mortgage loan moratorium.

The scope of the moratorium on mortgage debt is extended to cover mortgage debt incurred and/or mortgage loans arranged for the acquisition of:



- Habitual dwellings, as was already the case under Royal Decree Law 8/2020 of 17 March.
- Properties used for their business activity by entrepreneurs and professionals having such status as they meet the requirements of Article 5 of Law 37/1992 of 28 December on Value Added Tax.
- Dwellings other than habitual dwellings in a rental situation for which the mortgage debtor (natural person), the owner and lessor of said dwellings, has stopped receiving the rental payments since the entry into force of the state of emergency or ceases to receive them to one month after the finalisation thereof.

The condition that the mortgage debtor must be in a situation of economic vulnerability as defined in the new terms of this Royal Decree Law 11/2020 of 31 March, and which will be stated below, is maintained for all cases.

Due to the new measures adopted in relation to the mortgage debt moratorium and in order to bring them into line with these new measures, Final Provision One of the Royal Decree Law has amended certain articles or paragraphs of Royal Decree Law 8/2020 of 17 March, referring to this moratorium.

8.- Non-mortgage loan moratorium.

The scope of the moratorium is extended, under a scheme similar to that of the moratorium on mortgage debt, to non-mortgage loans and credit facilities held by debtors in a situation of economic vulnerability, as defined in the new terms of this Royal Decree Law 11/2020 of 31 March, and which will be stated below; including consumer loans.

In this regard, debtors under non-mortgage loan agreements may request the suspension of their obligations up to one month after the end of the state of emergency. Once the suspension has been requested, the lender will automatically suspend the obligations arising from the loan and no agreement between the parties or contractual novation will be required for the application to take effect. The suspension will be effective as from the borrower's request to the lender, accompanied by the requisite documentation using any means of submission.

The suspension will last for three months and may be extended by resolution of the Council of Ministers.

During the period of the suspension:



- The lender may not demand, either totally or partially, the payment of the relevant instalment or any of the items that make it up (principal and interest).
- No interest of any kind, either ordinary or default, will accrue.

The agreed term of the agreement will be extended as a result of the suspension by the duration thereof, without any change in the other agreed conditions.

This measure will also apply to the principal debtor's guarantors and sureties in cases of economic vulnerability, which, in this event, may require the lender to exhaust the principal debtor's assets before claiming the secured debt from them, even if they had expressly waived the benefit of discussion in the agreement.

As in the case of mortgage payment deferrals, a system of liability and penalties is established for those debtors who might benefit from this measure without being entitled to it.

9.- Definition of economic vulnerability for the purposes of the mortgage debt moratorium.

The following requirements must all be fulfilled to qualify for economic vulnerability:

- The potential beneficiary becomes unemployed or, in the case of an employer or professional (that meets the relevant requirements of Article 5 of Law 37/1992 of 28 December on Value Added Tax) suffers a major loss of earnings or a substantial drop in billings of at least 40%.
- The total household income does not exceed three times the IPREM in the month prior to the application for the moratorium; this limit may be increased: (i) due to dependent children; (ii) due to members of the household over 65 years of age, in a situation of dependence or illness that permanently disables them from working; (iii) due to a situation of cerebral palsy, mental illness, recognised mental disability equal to or greater than 33% and/or recognised physical or sensory disability equal to or greater than 65% in the mortgage debtor; (iv) and/or due to a situation of serious illness of the mortgage debtor or his/her carer that disables them (attestably) from being able to work.
- The mortgage instalments plus expenses and supplies, as defined in the Royal Decree Law, account for 35% or more of the net household income.
- As a result of the health emergency, the family unit has suffered a significant alteration in its economic circumstances in terms of the effort required to access housing, in the terms defined in the Royal Decree Law.

The fulfilment of these conditions must be accredited by the beneficiary, in the manner detailed in the Royal Decree Law, by presenting official documents or by means of a signed statement



justifying the reasons why such documents cannot be provided, the lessee having one month from the end of the state of emergency to complete the outstanding documents.

10.- Definition of economic vulnerability for the purposes of the moratorium on non-mortgage debts (non-mortgage loan agreements).

In order to determine cases of economic vulnerability the same requirements as indicated in point 9 above must be met jointly for the deferral of mortgage debts, although with the following specific conditions:

- If the natural person is in turn a beneficiary of the mortgage debt moratorium, its application will not be taken into account for the purpose of calculating the limits established in relation to: (i) net household income; and (ii) the significant alteration in economic circumstances in terms of the effort required to access housing. In other words, for the purposes of the calculation the mortgage payment is included, even if it is covered by the moratorium.
- If the potential beneficiary does not have a mortgage debt but instead has to make regular payments as rent for his habitual dwelling or any type of financing without a mortgage guarantee from a financial institution, or both, the amount of the mortgage instalment will be replaced by the total sum of the regular payments to be made, even if the rental income is subject to a moratorium.

11.- Guaranteed access to supplies.

While the state of emergency is in force, the supply of electricity, gas and water to individual consumers in their habitual dwellings may not be suspended, even if this possibility is stated in the contracts signed or in the applicable regulations, and consumers may use any documentary means to reliably evidence that the supply is for their habitual residence.

Furthermore, while the state of emergency remains in effect, the period between the demand for payment and the suspension of the service in accordance with prevailing regulations will not be counted.

12.- Extraordinary grant due to a lack of activity for persons registered under the Special Household Employees scheme of the General Social Security System.

Persons registered under the Special Household Employees scheme of the General Social Security System before the state of emergency came into effect who have ceased to provide their services in one or more homes due to the health crisis caused by COVID-19 or whose employment contracts have been terminated in accordance with Article 49.1.k of the Workers' Statute, will be entitled to the extraordinary grant due to a lack of activity.



The amount of the grant will be the result of applying 70% to the regulatory contribution base, without this exceeding the official minimum wage (excluding extraordinary payments). Where several jobs were being performed, the total amount of the grant will take into account the sum of all the amounts obtained.

This special grant will be received for monthly periods from the date of eligibility and will be compatible with the earnings made from salaried or self-employed activities being carried out at the time of its accrual, provided that the sum of the income derived from the grant and the other activities does not exceed the minimum wage.

However, this special grant will be incompatible with the temporary disability grant and recoverable paid leave under RDL 10/2020 of 29 March.

13.- Exceptional unemployment benefit due to the termination of a temporary contract.

Workers whose fixed-term contracts lasting at least two months are terminated after the entry into force of the state of emergency and who have not made sufficient contributions to qualify for other benefits or aid will be entitled to an exceptional unemployment benefit due to the termination of temporary contracts.

The grant:

- Will be incompatible with the receipt of any minimum income, inclusion income, social wage or similar aid granted by any public administration.
- Will consist of a monthly allowance equivalent to 80 percent of the current monthly Public Multiple Effects Income Indicator.
- The duration will be of one month, extendable if so determined by Royal Decree-Law

The full text of Royal Decree-Law 11/2020 may be consulted at:

<https://www.boe.es/buscar/act.php?id=BOE-A-2020-4208&p=20200401&tn=1#df>

We will continue to inform you of any new socio-economic 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 Alert.
Please contact us by telephone at 934 677 414.



**Yours sincerely,
AUDICONSULTORES**

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