

## Government approves 30 additional measures to support people and companies

*Moncloa Palace, Madrid, Tuesday 21 April 2020*

**The new social and economic measures will protect the most vulnerable groups, strengthen financing for companies, facilitate the adaptation of the economy and foster job creation.**

The Council of Ministers approved a Royal Decree-Law on Urgent Complementary Measures to Support the Economy and Employment, with employment, economic and tax measures of a horizontal nature and other specific measures to adapt legislation applicable to specific sectors, such as research.

The Third Vice-President of the Government and Minister for Economic Affairs and Digital Transformation, Nadia Calviño, stated that the government is using all the economic, financial and legal resources available to the State to provide a response to the situation caused by COVID-19, in order to "guarantee the channelling of productive resources, maintain business activity and employment, and support those people affected during this extraordinary period".

### **Support for workers**

Nadia Calviño explained that the measures adopted on Tuesday complement those approved during the state of emergency, thus providing a response to workers who have been left without cover. These include those whose trial employment contract ran out after 9 March and those who voluntarily rescinded their employment contract after 1 March because they had another binding job offer that did not come to fruition because of the pandemic. In both cases, the worker will be entitled to unemployment benefits.

In addition, protection for workers with permanent seasonal contracts will be stepped up, such that they may be subject to a Temporary Lay-off Plan (Spanish acronym: ERTE) or receive a benefit even after their unemployment benefit has run out.

For their part, essential sector companies may differentiate between those workers that carry out essential tasks and those that do not, in order to be entitled to invoke an ERTE.

The Royal Decree-Law also regulates the redemption of pension funds and extends for a further two months the preferential nature of working from home and the right to adapt the timetable and reduce the working day for those people with dependents in their charge due to the health crisis situation.

### **Financing for businesses**

The minister highlighted, among the measures to support business financing, the extension of the guarantees for credit lines issued by the Official Credit Institute (Spanish acronym: ICO) in order to cover the financing system based on commercial paper in the alternative fixed-income market, in addition to the credit channelled through the banking system. "This thus encourages the maintenance of lines of business financing that takes place in the capital markets".

The Insurance Compensation Consortium will act to reinsure credit insurance risks, with the aim of offering greater security to all commercial transactions, and the Institute for Energy Diversification and Savings (Spanish acronym: IDAE) will allow the deferment of the payment of instalments on loans it has granted. The new mechanisms to renegotiate or defer the payment of rent on business premises, particularly on properties that belong to large real estate companies or public enterprises, was another aspect highlighted by Nadia Calviño.

### **Tax measures**

The raft of tax measures is aimed at "aligning taxable bases to the real situation facing companies, above all SMEs and independent contractors", explained the minister. The target is to free up 1.1 billion euros to guarantee their liquidity. Independent contractors may calculate their personal income tax instalments and payments on account under the simplified VAT system under the objective estimate method to adjust payments to actual income.

For their part, companies may adapt the settlement of payments on account to forecast income estimated for 2020 and the possibility is established of subordinating the payment of tax owed under corporate income tax to obtain financing through ICO-backed credit lines.

The minister also referred to reducing the VAT applicable to health material supplies of national products to public institutions, not-for profits and hospitals to zero, which would lead to a saving of more than 1 billion euros and guarantee equal treatment for national products and imported goods. As regards the VAT on electronic books, magazines and newspapers, this will be brought in line with the rates for the paper versions of these products.

### **Specific sectors**

Research, State port activity and sport are all beneficiary sectors of measures aimed to alleviate their financial situation and make rules more flexible in the current period.

The minister quoted, among other measures, the deferral and re-financing of State loans granted to science and technology parks; the novation of loan agreements entered into with universities, and the extension of pre-doctoral contracts subscribed by institutions that form part of the Spanish System of Science, Technology and Research.

Nadia Calviño also announced the creation of a foundation attached to the National Sports Council, with a provision of funds from the sale of audio-visual rights designed to contribute to financing and providing stability to federation, Olympic and Paralympic sport in the run up to the Tokyo Olympic Games, which will be held in 2021. This Council will be made up of the Spanish Royal Football Federation, the Professional Football League and representatives from the remaining Spanish sports federations, as well as of official and unofficial competitions.

Real Decreto-ley 15/2020, de 21 de abril, de medidas urgentes complementarias para apoyar la economía y el empleo.

<https://www.boe.es/boe/dias/2020/04/22/pdfs/BOE-A-2020-4554.pdf> (Spanish)