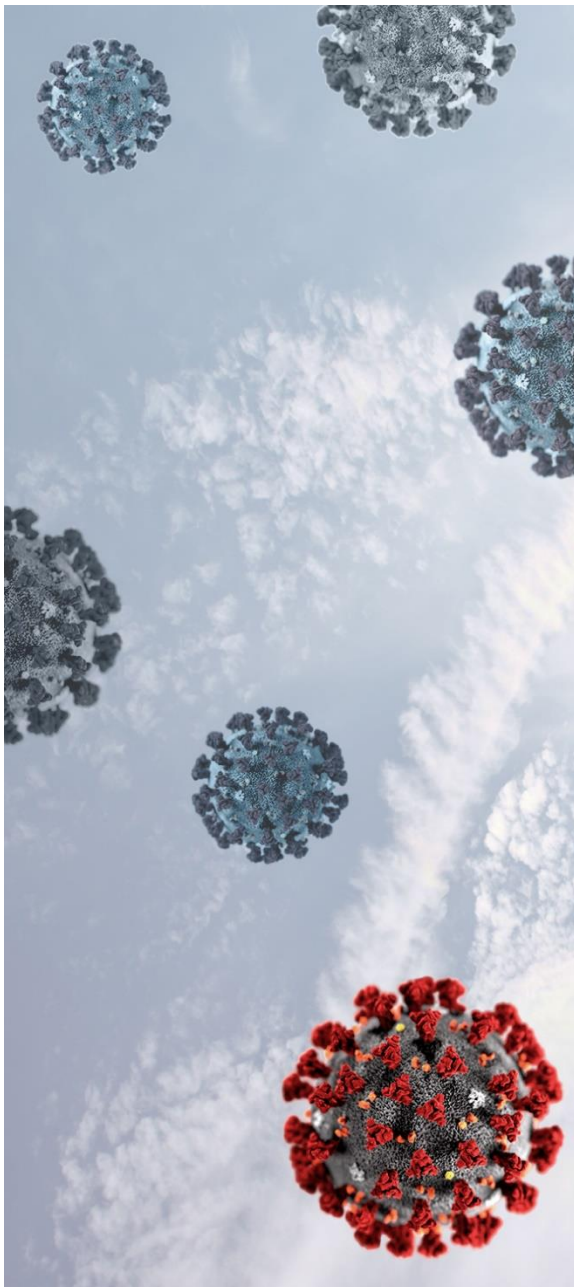

Royal Decree-Law 8/2020: legal consequences for businesses

Legal flash

March 18, 2020

After the declaration of the state of emergency on March 14, the Spanish Council of Ministers approved Royal Decree-Law 8/2020, of March 17, approving extraordinary urgent measures to face the economic and social impact of the Covid-19 coronavirus ("[RDL 8/2020](#)"), which came into force on March 18.



This document analyzes the main consequences for businesses arising from the set of exceptional economic measures approved under RDL 8/2020:

- > Exceptional workplace measures involving flexible management of working hours, procedures for the suspension and temporary reduction of work contracts (temporary redundancy plans or “**ERTES**”), and the protection of employment and of self-employed workers
- > Exceptional measures affecting all corporations, and particularly listed companies.
- > Restrictions on foreign investment
- > New developments in the area of taxation: practical issues derived from the state of emergency
- > New developments in customs matters
- > Measures affecting public procurement
- > Guarantee of essential supplies and telecommunications, and moratorium period for mortgage debt
- > Other measures: financing of businesses and self-employed workers, special collective agreement system, interruption of the period for product returns, and emergency subsidies



Entry into force and validity

RDL 8/2010 came into force on March 18, 2020. Its measures will be valid for one month (until April 18, 2020), unless they are extended by the Spanish government by means of a new royal decree-law. Exceptionally, some measures have a different term, as stated in the sections below on each measures.

Exceptional workplace measures

Flexible management of working hours

- **Remote working (article 5).** As a priority over reducing or stopping their activity, companies must establish alternative organization systems that make it possible to maintain their activity, particularly by means of remote working, provided that this is technically and reasonably possible and the effort required to adapt is proportionate. In these cases, the obligation of assessing risks (article 16 of Act 31/1995, of November 8, on the Prevention of Occupational Risks) will be regarded as having been fulfilled, on an exceptional basis, by means of a voluntary self-assessment performed by the workers themselves.

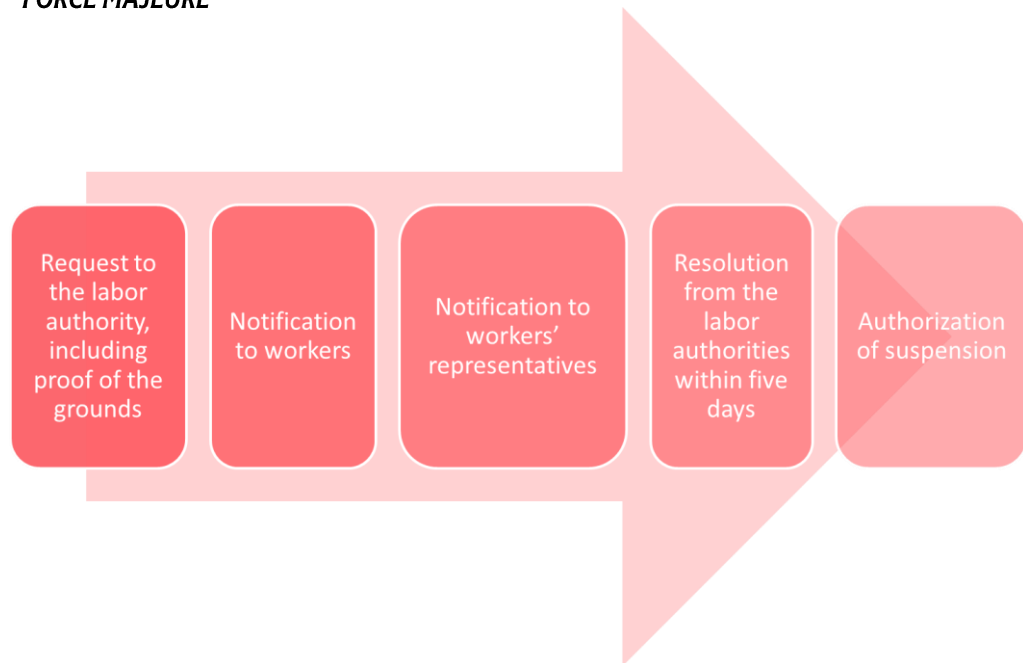
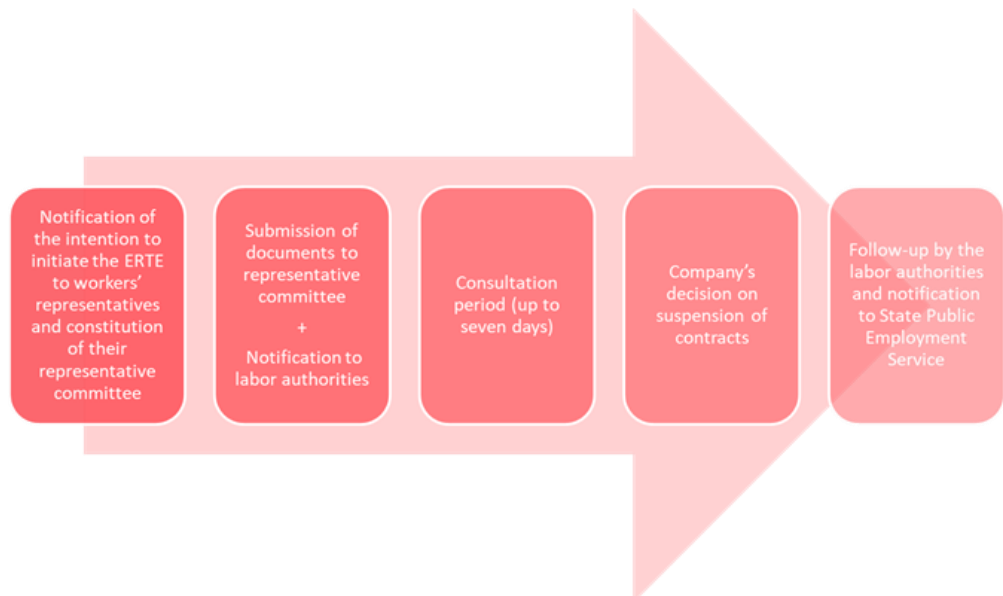
- **Working hours adjustment and reduction (article 6).** The following measures have been adopted to face the most pressing needs for work-life balance as a result of the health crisis:
 - Workers are entitled to request the adjustment or reduction, or both, of their working hours (including those already benefiting from adjusted or reduced working hours) to care for their spouses or partners, as well as blood relatives up to the second degree:
 - when exceptional circumstances apply as a result of the health crisis (e.g., the closure of educational centers or caring for relatives infected with Covid-19);
 - provided that the request is justified, reasonable, and proportionate with respect to the company's situation.

 - In particular, the adjustment of working hours may be applied in many ways as regards the distribution of working time (e.g., change of shift, different work schedule or flexible working hours), and may also entail a change of duties or in the way work is carried out (remote working). Business and employees must make every

- effort to reach an agreement, considering the temporary and exceptional nature of the measures, limited to the exceptional period the Covid-19 crisis will last.
- When, based on the exceptional circumstances described, working hours are reduced in situations of legal custody (direct care for a child under twelve or a person with disabilities), the provisions in article 37.6 of the Worker's Status will be followed, with the following specificities:
 - Notification must be given to the company 24 hours in advance.
 - The reduction may encompass 100% of the working day (with a proportionate reduction in salary) provided that the request is justified and reasonable, and is proportionate to the company's situation.

Procedures for the suspension and temporary reduction of work contracts (temporary redundancy plans or “ERTEs”)

- **Greater flexibility of temporary redundancy plans (“ERTEs”) (articles 22, 23, and 24).** RDL 8/2020 allows temporary personnel adjustments through a summary procedure for ERTes due to *force majeure*—for as long as the extraordinary situation derived from Covid-19 lasts—to safeguard jobs:
 - **Force majeure causes.** *Force majeure* situations include the need to suspend work contracts or reduce working hours, which must be duly justified, directly caused by losses of activity as a result of Covid-19 (including the declaration of the state of emergency) and that entail:
 - The suspension or cancellation of activities;
 - the temporary closure of public venues;
 - restrictions in public transport and, in general, of the mobility of people and/or goods; or
 - lack of supplies that seriously prevent the continuation of the ordinary course of business.
 - Any needs for suspension directly caused by urgent and extraordinary situations due to infection of staff or the adoption of preventive isolation measures decreed by the healthcare authorities will also be regarded as *force majeure*.
 - **Simplification of the procedure** for processes initiated or notified after the entry into force of RDL 8/2020 caused by Covid-19, which are simplified as follows:

TEMPORARY REDUNDANCY PLAN (ERTE) PROCEDURE ON THE GROUNDS OF FORCE MAJEURE**TEMPORARY REDUNDANCY PLAN (ERTE) PROCEDURE BASED ON PRODUCTION, ORGANIZATIONAL OR ECONOMIC GROUNDS**

- **Company's exemption from paying the social security contributions.** The General Treasury of Social Security may exempt a company—at its request—from paying social security contributions while the ERTE is in force due to *force majeure*, while the period will still count as a contribution period for workers, with the following scope:



<i>Companies with fewer than 50 workers registered as of February 29, 2020</i>	<i>Companies with 50 or more workers registered as of February 29, 2020</i>
Full exemption from payment of the employer contribution	Exemption of 75% of the employer contribution

- **Unemployment (article 25 and 26).** Workers affected by ERTes resulting from COVID-19 and that were notified, authorized, or initiated before the entry into force of RDL 8/2020, will be entitled to unemployment benefits, bearing in mind the following:
 - They do not have to meet the requirements for previous contributions, provided that their employment started before RDL 8/2020 entered into force.
 - Payment of this benefit will not count for purposes of later payment of the unemployment benefit.
 - Working partners in labor companies and in associated work cooperatives that intend to pay unemployment insurance may also benefit from this measure.
 - The regulatory basis for the benefit will be that resulting from calculating the average base for the last 180 contribution days or, failing this, the shorter period of time, immediately prior to legal unemployment, worked in the employment affected by the extraordinary circumstances that directly caused the ERTE.
 - The duration will be for as long as the ERTE continues to remain applicable.
 - Finally, a specific rule is established for the restoration of the contributions for discontinuous permanent contracts and a temporary limitation of the effects of late submission of applications for unemployment benefits.

Safeguard of jobs

- The extraordinary measures established in RDL 8/2020 will be subject to the company's commitment to maintain jobs for six months from the date the activity is resumed (**Additional Provision 6**).

Self-employed workers

- **Extraordinary benefit due to cessation of activity (article 17).** Self-employed workers whose activities are suspended or who can justify a decrease in their invoicing of at least 75% are provided greater flexibility to access an extraordinary benefit due to cessation of activity. The measure will last for one month (extensible). This period will be considered a contribution period and will not reduce any benefit



period due to cessation of activity to which the beneficiary might be entitled in the future.

Exceptional measures for all corporations concerning corporate, insolvency, and registration matters

We draw particular attention to the following measures for Spanish public limited companies (*sociedades anónimas*) and private limited companies (*sociedades de responsabilidad limitada*).

- **Greater flexibility of mechanisms to adopt agreements.** Management bodies and their committees may (even if it is not established in the bylaws): (i) hold videoconference meetings that meet certain requirements; and (ii) adopt agreements in writing with no meeting if so decided by the chairperson or requested by two or more members.

- **Deadlines for drafting and approving annual accounts.**
 - Drafting. The three-month period from year-end to draft annual accounts will be suspended until the state of emergency ends; when it ends, the period will start again for a further three months from that date. If, on the date the state of emergency was declared, the annual accounts had already been drafted, the period for mandatory audit will be extended by two months from the date the state of emergency ends.
 - Approval. The ordinary general shareholders' meeting will be held within three months from the deadline to draft the annual accounts. Measures are also taken for meetings already called but not yet held.

As an exception, in the case of listed companies, in our view, the special rule established in article 41 RDL 8/2020, described in the following section, will change these deadlines for the drafting and approval of annual accounts.

- **Partners' rights of separation.** These rights cannot be exercised until the state of emergency ends.

- **Companies undergoing dissolution.** If there is any cause for wind-up of a company before or during the state of emergency, the legal period to call a meeting to adopt the dissolution or other agreements to remove this cause will be suspended until the

end of that state; if the cause for wind-up arises during the state of emergency, the directors will not be liable for the corporate debt incurred during that period.

- **Declaration of insolvency and pre-insolvency (article 5 bis of the Insolvency Act).** While the state of emergency is in force, the following debtors will not have the duty to apply for a declaration of insolvency:
 - Insolvent debtors. Until two months elapse from the end of the state of emergency, judges will not admit for processing any applications for mandatory insolvency submitted during the state of emergency or those two months. If voluntary insolvency is applied for, it will be admitted for processing, on a priority basis, even if the proceedings are filed on a later date.
 - Any debtor who has notified the initiation of negotiations with creditors to reach a refinancing agreement or an out-of-court payment agreement, or to achieve acceptance of an early composition proposal, even if the deadline set out in article 5 bis.5 of the Insolvency Act has elapsed.

At the registry level, the expiry dates for any entries that might be canceled due to the passage of time are suspended during the state of emergency. The deadlines will start again on the day following the end of that state (or its extension).

Exceptional measures for listed companies

The following measures affect not only public limited companies (*sociedades anónimas*) whose shares are admitted to trading in the Spanish Stock Exchanges, but also any company whose securities are admitted to trading in a EU regulated market (e.g., companies whose shares are not listed in Spain, but are listed in another EU stock exchange).

2020 ordinary general shareholders meeting

- **Extension of the deadline to hold the meeting.** The meeting can be held within the first ten months of the financial year.
- **Remote attendance and voting.** The call to meeting may allow remote attendance and voting, even if this is not established in the bylaws.
- **Location of the meeting.** Anywhere in Spain, even if this is not established in the bylaws.



> Meetings called before March 18

- The location of the meeting can be changed and remote attendance and voting is allowed through the publication of an additional announcement at least five calendar days before the scheduled meeting date.
- If this additional announcement cannot be published and the meeting cannot be held at the scheduled location as a result of the measures imposed during the state of emergency, it may be called again at least five days before the scheduled meeting date. The call to meeting will have the same agenda and publication requirements as the meeting not held. Moreover, the meeting may be held by exclusively remote means, provided the following requirements are met:
 - The possibility of taking part in the meeting through each of the following means is offered, even if they are not established in the bylaws: (i) remote attendance; (ii) proxy granted to the chairperson of the meeting through remote means of communication; and (iii) advance voting through remote means of communication.
 - There are reasonable guarantees to ensure the identity of the individuals exercising their voting rights.

The meeting will be regarded as having been held at the registered office regardless of where the chairperson of the meeting is located. The directors may attend the meeting via conference call or videoconference.

- In the exceptional case that the meeting has validly convened in a location that does not meet the conditions required, the meeting is allowed to agree to continue to meet that same day in another location within the same province, establishing a reasonable period to transfer the participants.

Periodic public reporting

On an exceptional basis, during 2020, the deadlines for periodic public reporting are extended:

- > **Annual financial report:** Six months from the end of the financial year (if year-end is December 31, 2019, until June 30).
- > **Half-yearly financial report:** Four months (for the first half-yearly report, if the semester ends on June 30, 2020, until October 31).



- **Interim management statement:** Four months (for the first quarter—if the quarter ends on March 31—until July 31).

Resolutions of the board and of the audit committee

For purposes of the exceptional measures established for the 2020 ordinary meetings and the periodic public reporting, any resolutions of the board and of the audit committee that, if applicable, must be notified in advance, will be considered valid when they are adopted via videoconference or via a multi-way conference call, even if not this is established in the bylaws, provided that:

- all members of the board have the means required to do so; and
- the secretary recognizes their identity, which must be stated in the minutes and in the certification of the resolutions issued.

The meeting will be regarded as a single meeting held in the registered office.

Restrictions on foreign investment

Until the Resolution of the Council of Ministers decreeing its lifting is issued, the regime liberalizing direct foreign investment in Spain by investors resident in countries outside the European Union and the European Free Trade Association is suspended when the investor holds a share of at least 10% in the Spanish company's capital or takes an active part in managing or controlling that company.

- If the investment is made in the following sectors, which affect public order, public security, and public health. These sectors, which are the main Spanish strategic sectors, are the following¹:
 - Critical, physical or virtual infrastructures: energy, transport, water, healthcare, communications, media, data processing and storage, aerospace, defense, electoral, financial, sensitive facilities, and key land and real estate for use of those infrastructures.

¹ However, a procedural variant also establishes that the government may suspend the liberalization of direct foreign investment in other sectors provided that public security, public order, and public health may be affected.

- Critical technologies and dual-use goods: artificial intelligence, robotics, semiconductors, cybersecurity, aerospace technology, defense, quantum and nuclear energy storage, as well as nanotechnologies and biotechnologies.
 - Supply of fundamental inputs: energy, raw materials, and food security.
 - Information: access to or screening of sensitive data and personal data.
 - Media.
- If certain conditions are met:
- Control of the direct or indirect investor by a third-country government (according to the RDL 8/2020 Statement of Purpose, these would include investments by public or publicly-controlled companies, or sovereign funds in third countries).
 - Investment or investor's participation in sectors affecting the public order, public security, and public health of another Member State (in particular the strategic sectors listed above).
 - Initiation of administrative or court proceedings against the investor for the exercise of criminal or unlawful activities in another Member State, in its state of origin, or in a third-party state.

Finally, as regards listed companies, it is noteworthy that in 2012, an exceptional system was introduced limiting the bidder's freedom to set the price of a takeover bid in certain cases to prevent bids from being launched at a price that does not reflect the value of the target company. This exceptional system, set out under article 137.2 and 3 of the Securities Market Act, applies, among other cases, when, in the two years prior to the bid's announcement, the market prices or the price of the target company are affected by "exceptional events" (including situations derived from *force majeure*). In these cases, the bid (whether mandatory or voluntary) should be formulated at a price calculated under article 137.2 of the Spanish Securities Market Act and should always include, at least as an option, a cash consideration.

New developments in the area of taxation: practical issues derived from the state of emergency

On the approval of RDL 8/2020 and Royal Decree 465/2020, of March 17 ("**RD 465/2020**"), the deadlines for taxpayers' obligations and rights are as follows, without prejudice to any provisions approved by the autonomous regions within the scope of their tax jurisdiction (including transfer tax and stamp duty, inheritance and gift tax, and regional taxes), which



should be taken into account. Some deadlines have been modified by RDL 15/2015, of April 21.

- > **General criterion:** In general, taxation procedures are not affected by the suspension of the administrative deadlines approved by RD 463/2020. Only the procedures established in RDL 8/2020 will be affected through the extension of the pre-existing deadlines. The main current taxation deadlines are summarized below.
- > **Main taxation obligations that are not amended by the new regulations:** In these cases, the pre-existing general deadlines will continue to apply.
 - Submission and payment of tax self-assessment in accordance with the regulations pertaining to each tax (e.g., withholding tax and payments on account for personal income tax and corporation tax, VAT statements, and declarations of those paid in installments).
 - Payment of periodic taxes through direct debit (i.e., property tax, business tax).
 - Obligation to submit tax statements (e.g., form 720).
 - Obligation to submit tax statements handled by the settlement system (exceptional and residual cases), in which case only the obligation to pay would be suspended.

To remove all doubts, RD 465/2020 emphasizes that the deadlines to submit tax statements and self-assessments remain unchanged.

When the fulfillment of these obligations generates a payment obligation, the taxpayer can request a payment deferment, benefiting from either the general or the special system, if they meet the requirements established in article 14 of RDL 7/2020 (restricted to debtors with a turnover of less than €6,010,121.04 in 2019). For exceptional and serious cases, *ad hoc* mechanisms for deferment of payment of tax debt could be considered.

- > **Administrative procedures extended to May 30, 2020 (after being modified by RDL 15/2020 the previous deadline of April 30), unless the deadline granted by the general regulations is later:** This block includes the following cases:
 - Collection procedures:
 - Payment of debt derived from settlements notified from February 1, 2020 (e.g., settlements derived from inspection certificates).
 - Payment of orders for recovery from March 1, 2020.
 - Payment of deferment or payment in installments agreed before March 18, 2020.



- Enforced debt collection in an auction phase and awarding of property.
 - Suspension of the enforcement of guarantees over real estate property.
 - Challenges to seizures.

 - Filing for claims and hearings in tax application proceedings, disciplinary proceedings, declarations of invalidity, repayment of undue income, correction of material and revocation errors that had not yet ended on March 18, 2020.
- Deadlines to respond to requirements made by any tax authorities that had not yet ended on March 18, 2020. This case includes requirements made in inspections, collection management, and disciplinary proceedings.
 - Deadlines to answer requests for tax information that had not yet ended on March 18, 2020.
- **Administrative procedures extended to May 30, 2020 (after being modified by RDL 15/2020 the previous deadline of May 20, 2020):** In general, in the cases established in the previous point, when the administrative act imposing the deadline is notified to the taxpayer on or after March 18, 2020, the deadline for fulfillment will be extended to at least May 30, unless the general regulation sets a later deadline, in which case the latter will apply.
- **Rights and obligations in the periods for extension or suspension of administrative tax deadlines and effects**
- In these cases, the tax authorities cannot require taxpayers to fulfill any procedures.
 - During this period, the tax authorities can continue to make requirements of taxpayers, but only if they are related to necessary procedures.
 - During these periods, taxpayer may submit the documents required, in which case the procedure will be considered as having been performed.
 - In general, this extension of terms entails an extension of the deadline to settle the procedure set by the authorities. However, the specifics of each individual case should be examined to define these effects.
 - In cases of deadline extension approved by RDL 8/2020, in general, the deadline for tax procedures will be extended by 44 calendar days. However, the specifics of each individual case should be examined to define these effects.
 - The deadline to open tax notifications in the electronic mailbox provided is still 10 calendar days, and the consequences derived from not meeting this deadline remain unchanged.

New developments in customs matters

Regarding customs matters, several issues should be considered in the current state of emergency approved by Royal Decree 463/2020, amended by RD 465/2020 and by RDL 8/2020:

> **Administrative deadlines for processing tax inspections by the customs authorities.**

RDL 8/2020 confirms that deadlines to file submissions and respond to customs requirements will be governed by their specific regulations, so they are not affected by any extension.

> **Payment deadline in voluntary payment period**

- The suspension of payment deadlines established in RDL 8/2020 does not apply to the deadlines for payment of customs debt.
- However, the mechanisms established in the General Taxation Act may continue to be used to defer payment of customs debt. In exceptional cases where payment or deferred payment is not possible, extraordinary mechanisms for the deferment of payment could be explored. This should be examined on a case-by-case basis.

> **Payment deadline in enforcement period**

- Payment deadlines for the customs debt in the enforcement period will be extended under the terms in which the executive payment deadlines described above are extended.

> **Customs clearance**

RDL 8/2020 seeks, through its measures, to speed up customs procedures for import in the industrial sector. To this end, it grants the Spanish tax authorities' Customs and Special Taxes Department full power to decide whether customs clearance should be performed by a body or officer of the Customs and Special Taxes Office.

> **Guarantees**

Under NI DTORA 01/2020, of March 16, giving instructions derived from the declaration of the state of emergency declared by Royal Decree 463/2020, (NI 01/2020), it will not be necessary for the operator to submit the original guarantee document to the authorities. Rather, the submission of a scanned document will be

sufficient, supplemented by the corresponding original at the authorities' request once the state of emergency has ended.

Measures affecting public procurement

- As regards public procurement, article 34 of RDL 8/2020 provides a set of **measures for certain public contracts, the enforcement of which is affected by the Covid-19 coronavirus crisis**. They are intended to cover certain specific cases in which the general provisions in the Public Sector Contracts Act are not sufficiently clear regarding the situation generated by the state of emergency declared by the government through RD 463/2020. These measure include **several mechanisms depending on the case**, such as the suspension and extension of contracts or economic and financial re-balancing.
- From a **subjective point of view**, article 34 applies to procurement by all public sector entities, in accordance with the definition given in article 3 of the Public Sector Contracts Act, regardless of whether they are public administrations or their specific legal procurement system.
- Moreover, from an **objective point of view**, several measures are established for works, services, supply and works and service concession agreements—making no distinction between agreements subject to harmonized regulations and those that are not. Finally, contracts entered by public sector entities in what are known as the "excluded sectors" are also included.
- However, public service agreements and agreements for strategic or essential supply in this crisis scenario are specifically left **outside the scope** of article 34 RDL 8/2020. These include healthcare, pharmaceutical, and other services and supply agreements, whose object is connected to the health crisis caused by Covid-19; cleaning and security agreements; IT system maintenance agreements; and the service and supply agreements required to ensure mobility and the security of transport infrastructure and services. Contracts awarded by public entities listed in official markets that receive no income from the General State Budget are also excluded.
- As for **specific measures**, depending on the type of contract, RDL 8/2020 establishes the following, always on the basis that the enforcement of the specific agreement is affected by the Covid-19 crisis or by the measures implemented by the administrations, and it has not lost its purpose:



- The suspension of successive service and supply agreements whose enforcement is not possible, for as long as the situation preventing enforcement lasts. The right to receive compensation associated with the term of the suspension (which comprises the salary expenses actually paid by the contractor from March 14, 2020, during the suspension period; expenses for maintenance of the final guarantee; those derived from rental or machinery, facility, and equipment costs; and those pertaining to insurance policies established in the specifications) is recognized, although it does not include loss of income or compensation for termination or suspension of work contracts (unlike the general regime for suspension established in article 208.2.a) 2) and 5)). For to become effective, a summary procedure initiated at the contractor's request is established. This must certify the impossibility of enforcing the guarantee and the corresponding damages caused. This request must be settled within five calendar days, with administrative silence having a negative meaning.
- The extension of the deadline for enforcement in service or supply agreements that are not successive, when the contractor defaults on fulfillment, for a period at least equal to the time lost. In this case, the right to compensation is also recognized, consisting of payment of any additional salary expenses incurred as a result of the time lost, up to 10% of the initial contract price, as long as proof is provided.
- The suspension of work contracts during the time the situation lasts that prevents the enforcement and extension of contracts that, under the “works performance schedule or works plan,” would have been terminated from March 14 and for the period that the situation lasts and the works cannot be handed over. A similar system to that established for successive service and supply agreements is stipulated as regards compensation and the procedure for recognition. However, there are two exceptions: (i) regarding compensation, the provisions in the collective agreement for construction to calculate salary expenses are considered; and (ii) recognition of the compensation is conditional on:
 - the contractor certifying that it had fulfilled its payment obligations toward subcontractors and suppliers on March 14, 2020; and
 - the contractor and the subcontractors, suppliers, and providers hired for the works being up to date as regards their labor and corporate obligations on March 14, 2020.
- Reestablishment of the economic and financial balance in works concession and public service agreements, which involves extending the deadline by up to 15% of their initial term, or by amending their economic clauses.

This rebalancing is only stipulated if it is not possible to fulfill the agreement (not in cases where the contract continues to be executed, in which case the general rules set out in the applicable contract legislation will be followed). This will be assessed by the procurement body and will be offset by the loss of income and the increase in the costs borne (including the additional salary expenses with respect to those planned in ordinary execution).

- Article 16 of [RDL 7/2020 of March 12, implementing urge measures to respond to the economic impact of COVID-19](#) is also amended, and affects the processing of emergency of contracts to be executed by the General State Administration or its public bodies and public law entities to face COVID-19. It states that, in these cases, if payments on account are made for preparatory actions to be performed by the contractor, the provisions regarding guarantees in the Public Sector Contracts Act will not apply, but rather the procuring body will establish this circumstance based on the nature of the service engaged and the possibility of meeting the requirement by other means.

Guarantee of essential supplies and telecommunications, and moratorium period for mortgage debt

Guarantee of water and energy supply to vulnerable consumers

Certain measures are implemented to ensure the water and energy supply, particularly for vulnerable consumers; including the following:

- The suspension of electricity, natural gas, and water supply to vulnerable consumers, highly vulnerable consumers, and consumers at risk of exclusion is forbidden for one month from the entry into force of RDL 8/2020.
- The term of the social benefit is automatically extended to September 15, 2020, for beneficiaries subject to a deadline established by law that will elapse before this date.
- The validity of certain regulations regarding the systems for the update of regulated prices of liquefied petroleum gas and natural gas is suspended, and more specifically: (i) regarding Order IET/389/2015, the review of the maximum retail prices, before tax, of packaged liquefied petroleum gas is suspended for the next three bi-monthly periods, and the maximum prices established in the [Resolution of January 14, 2020, of the Directorate General of Energy Policy and Mining](#) will be applied during the suspension period; and (ii) regarding Order ITC/1660/2009, establishing the

methodology to calculate the last-resource natural gas rate, the review is suspended for the next two quarters, with the rate terms established in the [Resolution of December 23, 2019 of the Directorate General for Energy Policy and Mining](#) being in force during the suspension period.

Telecommunications guarantees

Exceptional measures are implemented to guarantee the provision of the telecommunications services while the state of emergency is in force, including the following:

- Telecommunications operators must keep electronic communications services available to the public contracted by their clients from the starting date of the state of emergency, and they may not suspend or interrupt them for any reasons other than integrity and security, even if this possibility is established in the service agreements entered by operators and consumers.
- The electronic communications service provider designated to provide the universal telecommunications service will guarantee the provision of the elements that constitute the universal telecommunications service and will maintain, at least, the group of current beneficiaries, as well as the quality of the provision of the services that constitute that universal service, with particular reference to the provision of functional access to the internet and the conditions for affordability of the universal telecommunications service
- Electronic communications service providers will not launch extraordinary commercial campaigns for contracting electronic communications services requiring number portability, and all landline and mobile portability operations that are not ongoing will be suspended, except in exceptional cases of *force majeure*.

Moratorium period for mortgage debt for the purchase of the main residence

A moratorium period is established for the mortgage debt from loan or credit agreements for the purchase of the main residence of those debtors undergoing any of the circumstances of economic vulnerability described below. This measure extends to the guarantors of the main debtor with regard to their main residence, under the same conditions as those established for the main debtor.

In brief, the cases of economic vulnerability covered by this regulation are the following:

- Unemployment or, in the case of business owners or professionals, a substantial loss of income or drop by at least 40% of sales.
- Maximum limit of family revenues in the month prior to the application for the moratorium of three times the multi-purpose public income index (“IPREM”) on a general basis. This limit will be increased on the basis of dependent children (0.1 times the IPREM per child, or 0.15 times the IPREM per child in single-parent families); family members older than 65 (by 0.1 times the IPREM); family members with a disability, and those that are dependent or have a permanent disability preventing them from performing a work activity (by 4 times the IPREM). If the mortgage debtor has a certain illness or a certain degree of disability, and in the case of a serious disease preventing debtors or their carers from performing a work activity, the maximum limit will be 5 times the IPREM.
- Amount of the mortgage payment, plus the expenses and basic supplies equal to or higher than 35% of the family’s net income.
- Significant change in the family’s economic circumstances when the burden of the mortgage on the family income has multiplied by at least 1.3.

Any guarantors, endorsers, and non-debtor mortgagors that are undergoing any of the circumstances of vulnerability mentioned above may require that the assets of the main debtor be used before claiming the secured debt, even if they have waived the benefit of *excussio*.

The request for a moratorium period for the payment of a mortgage debt must be accompanied by the documents specified in the regulation, which the debtor must send to the creditor within up to 15 days after the end of the term of this regulation.

The creditor must implement the moratorium period request within 15 days and report to the Bank of Spain for accounting purposes and for non-attribution in the calculation of risk provisions.

During the moratorium period for the payment of the mortgage debt, the clause on early maturity of the mortgage loan will not apply; total or partial payment of the principal or interest cannot be claimed; and no (remuneration or default) interest will be accrued.

It is also established that any debtor that unduly or fraudulently benefits from the moratorium period will be liable for any damages and expenses caused.

Any deeds for the novation of mortgage loans and credits formalized as part of the implementation of the moratorium period for payment of the mortgage debt may be exempt from the gradual payment of notarial documents under the documented legal

acts modality of transfer tax and stamp duty established under Final Provision 1 of RDL 8/2020, that has added new paragraph 23 to article 41.I.B) of the consolidated text of the Spanish Transfer Tax and Stamp Duty Act (RDL 1/1993, of September 24).

This new exemption adds to the one already established for certain novations of mortgage loans and credits under the terms of Act 2/1994, of March 30, on the subrogation and modification of mortgage loans.

This moratorium in payment of the mortgage debt would be added to the suspension, until April 30, of the enforcement of security on real estate property in administrative procedures for enforced recovery, regulated within the framework of the suspension of deadlines in the scope of taxation of the legislation. It is completed with provisions in previous regulations aimed at reinforcing the protection of mortgage debtors in a situation of great vulnerability, including [Royal Decree-Law 6/2020](#), of March 10, which has extended the moratorium on eviction from their habitual residence to families in a situation of great vulnerability, regulated under [Act 1/2013, of May 14](#). The details of this measure are described in our [Legal Flash. Housing Mortgage Enforcement. Extension of the moratorium on eviction](#).

Other measures

Financing for businesses and self-employed workers

The Ministry for Economic Affairs and Digital Transformation will grant guarantees for up to €100 billion for the financing of businesses and self-employed workers aimed at covering their liquidity needs. The applicable conditions and requirements to benefit from these guarantees will be established by Resolution of the Council of Ministers

The Official Credit Institute (“ICO”) net debt limit is increased by €10 billion, so that it can provide businesses with additional liquidity, through ICO facilities with the intermediation of financial institutions, or through direct financing to larger companies.

Finally, an insurance coverage facility of up to €2 billion is created, charged to the Internationalization Reserve Fund for businesses that preferably operate in the field of internationalization and meet certain requirements, to face liquidity problems or lack of access to financing as a result of the COVID-19 crisis.



Special agreement system

A specific system is established for agreements under [Act 40/2015, of October 1, on the Legal Regime for the Public Sector](#), related to manage of the healthcare emergency caused by the COVID-19 crisis. Specifically, the provisions on the need to obtain mandatory reports, as well as prior authorization for the signing, extension, and termination by mutual agreement, will not apply. It is also established that these agreements will be entered into and have effects purely with the parties' consent, without prejudice to later registration in the Electronic State Registry of Bodies and Instruments for Cooperation with the State's public sector and publication in the Official Gazette of the Spanish State.

Interruption of the period for product returns

During the state of emergency and any potential extensions, the periods to return products, bought either physically or online, are interrupted.

Emergency subsidies

It is established that the provisions in [Royal Decree 307/2005](#), of March 18, regulating subsidies for certain needs derived from emergencies or catastrophes, and establishing the procedure for their award, will not apply to any personal or property damages suffered by natural and legal persons as a result of the current healthcare crisis.

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