



MEASURES ADOPTED IN RESPONSE TO THE EXCEPTIONAL SITUATION CAUSED BY COVID-19 IMPACTING INDUSTRY, TRADE AND TOURISM¹

The Ministry for Industry, Trade and Tourism monitors the evolution of COVID-19 in Spain, and maintains a constant dialogue with the industrial, commercial and tourist sector, as well as with other Spanish Administrations (*Comunidades Autónomas and Entidades Locales* –autonomous communities and local entities-) to exchange information and provide actions that can contribute to minimize the social and economic impact of the pandemic.

To alleviate the possible consequences that this health emergency may cause, the Government has taken various exceptional measures, some of them collected in the following provisions, which will have to be validated at the Congress:

- Royal Decree-Law 7/2020, 12 March, for which urgent measures are taken to respond to the economic impact of COVID-19.
- Royal Decree-Law 8/2020, 17 March, of extraordinary urgent actions to tackle the economic and social impact of COVID-19.
- Royal Decree-Law 11/2020, 31 March, for which additional urgent measures are taken in social and economic field to address the COVID-19.

Listed below support and protection measures for companies, SMEs and self-employed workers.

1. COMPANIES AND SMEs MEASURES

▪ FUNDING MEASURES

Sets out various supporting companies' measures, with the aim to keep providing liquidity needed to develop their projects. These measures seek to sustain economic activity ahead of the temporary difficulties arising from the situation created by the COVID-19.

1. Funding line worth €400M to help companies and self-employed individuals in the tourist sector and its related activities affected by COVID-19, through a modification of the funding line approved by CDGAE on 31 October 2019 for those affected by the insolvency of the business group Thomas Cook. Art. 12 RDL 7/2020.

Specific line of intermediated credit for companies and self-employed individuals in the tourist sector and related activities. Modifies the existing line of credit, expanding its application to affected companies throughout Spain (not only the Autonomous

¹ This is an informative document. Portions of it have been produced using an automatic translator. The Spanish version can be found at the following link: https://www.mincotur.gob.es/es-es/COVID-19/Documents/Nota_explicativa_medidas_adoptadas_para_sectores_MINCOTUR.pdf



Communities of the Canary Islands and Balearic Islands) and to sectors related to tourism which were not specified in the original line of credit. The line of credit provides €200M in addition to the €200M initially planned.

This line of credit is part of the larger *Línea ICO Empresas y Emprendedores* (ICO Companies and Entrepreneurs line), with a partial guarantee (50%) from MINCOTUR, managed by ICO. The costs of the guarantee and the management of the line, charged to the *Fondo de Provisión* (Provision Fund), shall be replaced by MINCOTUR under the current budget launched for the Thomas Cook credit.

2. Deferral of repayments of *SGIPYME* loans to businesses. Art. 15 RDL 7/2020

The beneficiaries of financial support for industrial projects may request a deferral of the principal and/or interests of the current annual payment, if it matures in less than 6 months and if certain circumstances linked to the expansion of COVID-19 happen, as periods of inactivity, reduction in the volume of sales or disruptions to the supply chain that make it difficult or impossible to pay the corresponding annual payment.

This application, if accepted, will entail a rearrangement of the corresponding repayment schedule.

3. Extraordinary insurance coverage of up to 2 billion euros from the *Fondo de Reserva de los Riesgos de la Internacionalización* (Internationalisation Risk Reserve Fund), managed by CESCE.

- Beneficiaries: SMEs (as defined in Annex I of Commission Regulation (EU) No 651/2014), and larger unlisted companies, if the following two circumstances happen:
 - The companies are internationalised or in the process of internationalisation, meeting at least one of the following requirements:
 - companies in which international business, as shown in its latest available financial information, represents at least one third (33%) of its turnover, or
 - companies that are regular exporters (companies that have exported regularly during the past four years in accordance with the criteria established by the *Secretaría de Estado de Comercio* -State Secretariat for Trade-).
 - The company is facing a liquidity problem or lack of access to finance because of the impact of the COVID-19 crisis on its economic activity.
- The insurance will be paid in two tranches of 1 billion euros, the second coming into force after confirmation of the successful implementation of the first one.
- Duration: 6 months



4. Approval of a State line of credit to cover loans by financial entities to companies and self-employed workers through guarantees to a maximum amount of 100 billion euros. Art. 29 RDL 8/2020.

The *Ministerio de Asuntos Económicos y Transformación Digital* (Ministry of Economic Affairs and Digital Transformation) may guarantee loans granted by banks, credit institutions, electronic money institutions and payment institutions to companies and self-employed workers to meet their needs arising from, among other things, the management of invoices, need for working capital, maturity of financial or tax obligations, or other liquidity needs.

5. Adoption by ICO of any necessary measures to extend available funding, make it more flexible, and improve companies' access to credit, preserving the necessary financial balance specified in its statutes Art. 30 RDL 8/2020.

Expands 10,000 million euros net borrowing limits envisaged for the ICO (Official Credit Institute) according to National Budget, with the aim of facilitating additional liquidity to companies, especially SMEs and self-employed workers. This will be done via ICO lines of financing through the intermediation of financial institutions both short and medium-long term and in accordance with their direct funding policy for larger companies.

6. Deferral of repayments of SGIPYME loans to businesses at the time of the entry into force of the Royal Decree 462/2020, 14 March. Art. 38 RDL 11/2020.

On a temporary basis, and only for the purposes of the SGIPYME calls for loans that were pending at the time of the entry into force of the Royal Decree 463/2020, guarantees to contribute by applicants will be submitted after the granting resolution and before payment of the loan. Once the call is resolved, beneficiaries must provide the assurances by the amount specified in granting resolution and in the procedures laid down in the call.

7. Refinancing SGIPYME loans. Art. 39 RDL 11/2020.

The beneficiaries of loans to industrial projects granted by the SGIPYME may request modifications to repayment schedule during the term of 2 years and a half after the entry into force of the Royal Decree 463/2020, 14 March, if and when the health crisis produced by the COVID-19 has caused periods of inactivity, sales reduction or supply disruptions in its value chain.

8. Extraordinary postponement of repayment schedule in loans guaranteed by Autonomous Communities and Local Entities to entrepreneurs and self-employed workers affected by the health crisis caused by the COVID-19. Art. 50 RDL 11/2020.

Those companies and self-employed workers who are borrowers of credits or financial loans whose ownership corresponds to an Autonomous Community or Local Entity may



apply to the postponement of the repayment of its principal payment and/or interests to meet in the remainder of 2020.

To qualify for this extraordinary postponement, is necessary that the health crisis caused by the COVID- 19 or the measures adopted to mitigate it have already created in such companies or self-employed workers periods of inactivity, significant reduction in their sales volume or supply disruptions in their value chain.

9. Grading criteria the possible infringements in SGIPYME funding programmes. DA17^a RDL 11/2020.

Change of certain rules so that the projects in implementation period at the time of the entry into force of the Royal Decree 463/2020, in case the degree of fulfilment accredited by the beneficiary is near to a total compliance and have reached the project objectives initially raised, is considered a fulfilment of 100% of the project, without intending any refund.

10. Right to terminate certain contracts without penalty by consumers and users. Art. 36.4 RDL 11/2020.

Relaxation of the cancellation policy of package tours, allowing the possibility of replacing the amounts reimbursement by a bonus. This action has been developed by the Ministry of Consumption –Ministerio de Consumo– in collaboration with the Secretariat of State of Tourism –Secretaría de Estado de Turismo–. Its application depends on the sector agents.

▪ **ACTIONS IN SOCIAL SECURITY**

These measures are designed to ease the financial stress generated by the considerable reduction of the activity or its suspension. Along these lines, provides a moratorium on social contributions to Social security, the postponement of debts with Social security and provides digital management procedures and flexibility measures to the mechanisms of temporary adjustment of activity to avoid layoffs.

Measures taken in relation with the temporary suspension of contracts and temporary reduction of the working day pursue to avoid a structural negative impact on employment that the current situation may have.

Such measures, as they relax and streamline procedures employment regulation, contribute to mitigate the negative impact on employment and economic activity, given that it will prioritize maintaining employment over the extinction of contracts.

These measures include the following:



11. Extension of bonuses to Social security in permanent seasonal contracts to March, April, May and June 2020. Art. 13 RDL 7/2020.

Expands to the months of February to June 2020 the implementation of the bonus in the Social security contributions of permanent seasonal contract workers in tourism, trade and hotel industry linked to tourism activity fields. It is estimated an economic impact of 45 million euros.

12. Support measures for the extension of the period of activity of permanent seasonal contract workers in tourism, trade and hotel industry linked to tourism activity fields. Art. 13 RDL 7/2020.

Companies that operate in tourism sector, as well as trade and hotel industry linked to the tourism sector, which generate productive activity in February, March, April, May and June, and which initiate or maintained registered as workers its permanent seasonal contract workers during these months, may apply to a bonus of 50 percent of these employees contributions to Social security for common contingencies, as well as to other concepts (unemployment, FOGASA and training). This action will apply from 1 January 2020 until 31 December 2020.

13. ERTes flexible conditions to seriously affected tourism enterprises. Exceptional measures regarding the procedures of contracts suspension and hours reduction for *force majeure* reasons. Art. 22 RDL 8/2020.

Provide exceptional measures regarding the procedures of contracts suspension and hours reduction for *force majeure* reasons, which guarantee the agility of processing the ERTes.

14. Exceptional measures regarding the procedures of contracts suspension and hours reduction for economic, technical, organizational and production reasons. Art. 23 RDL 8/2020.

Flexible mechanisms of temporary adjustment of activity to avoid layoffs. It simplifies the procedure without reducing the guarantees and legal certainty.

15. Exceptional measures contribution under procedures of suspension of contracts reduced hours by force majeure associated with the COVID-19. Art. 24 RDL 8/2020.

In contract suspension and hours reduction files of suspension of contracts allowed in base to *force majeure* temporarily linked to COVID-19, the General Treasury of Social security shall indemnify the enterprise contribution under article 273.2 of the General law of Social security, as well as the quotas by concepts of joint fundraising, as long as the duration of the contract suspension or hours reduction period authorized last when the company. In this case, companies are exempted from paying 75% of the employer Social Security contribution, increased to 100% exemption in the case of companies with fewer than 50 employees, according to 29 February 2020 data.



16. Moratorium on payment of the Social security contributions for 6 months. Art. 34 RDL 11/2020.

This measure enables the General Treasury of Social security to grant a moratorium of six months, without interest, to businesses and self-employed workers included in any Social security system, who request and meet the requirements and conditions to be established by order of the Minister of Inclusion, Social security and Migration.

If granted, the moratorium affects the payment of their Social security contributions and concepts of joint fundraising, whose vesting period, in the case of companies falls between the months of April and June 2020 and, in the case of own-account workers between May and July 2020.

17. Delay in payment of debts with Social security until 30 June 2020. Art. 35 RDL 11/2020.

Companies and self-employed workers included in any Social security system or authorized to act through the Sistema RED (electronic data remission system in the field of Social security), if they do not have another postponement in force, may request the postponement of their debts with Social security that take place between the months of April and June 2020, in the terms and conditions set forth in Social security legislation, being applicable an interest of 0.5%.

▪ **FISCAL MEASURES**

To facilitate the payment of tax liabilities, deadlines are relaxed, both in voluntary and executive periods, as well as the payment derived from the deferment and fractionation agreements.

18. Deferral of tax debts. Art. 14 RDL 7/2020.

The deferral of the income of the tax debt corresponding to all the declarations-settlements and self-assessments whose filing and deposit period ends until 30 May 2020.

19. Suspension of deadlines in taxation. Art. 33 RDL 8/2020.

The deadlines are extended until 30 April 2020, if they have not concluded by 18 March 2020, in particular:

- payment of the tax debt set in sections 2 and 5 of article 62 of the Law 58/2003, for General Tax;
- expiration of the terms and fractions of the deferment and installment granted agreements;
- terms related to auctions and goods adjudication;



- deadlines to meet the requirements, seizure proceedings and requests for information with tax significance, to make allegations in the event of opening procedures or hearings, dictated in procedures of tributes' application, sanctioning or declaration of nullity, return of undue income, rectification of material errors and revocation.

▪ OTHER MEASURES

As additional measures to allow an adequate response to the exceptional situation:

20. Interruption of the duty of application for bankruptcy. Art. 43 RDL 8/2020

Stops the deadline set by bankruptcy Law 22/2003. Debtors in a state of insolvency are not obliged to apply for a declaration of bankruptcy.

21. ACELERA Programme. DA8 RDL 8/2020

One of the main issues that this phenomenon is highlighting is the need to ensure that companies are prepared to act in a digital environment. Therefore, it is essential to do a determined effort to prepare and equip SMEs for digital development. Especially relevant in this context is the provision of telework solutions and the purchase and leasing of equipment and services for digitization. To this end, the Government launches the *Acelera programme* to serve SMEs through the public entity *RED.es*, and more specifically the *Acelera SME -PYME- programme*, in order to organise a set of initiatives in collaboration with the private sector to support SMEs in the short and medium term.

Specifically:

- a) The creation of the Acelera PYME portal via Red.es, so that SMEs can get information on all the resources available to them for going digital, and especially for implementing telework solutions.
- b) The expansion of offices in the *Digital Transformation Offices programme (Oficinas de Transformación Digital)*, improved personalised advice services for SMEs, help in going digital, and the launch of centres demonstrating solutions for different sectors.
- c) Launch of the *Acelera PYME-Talento programme* to reinforce training of SMEs in digital transformation solutions and tools, in collaboration with Chambers of Commerce –*Cámaras de Comercio*- and other public and private actors.
- d) Measures to support the creation of technological solutions for the digital transformation of SMEs: Red.es will launch a line of grants to boost business leadership in R&D and innovation (*I+D+i*) in Spanish digital companies.



- e) Financial support measures for the digital transformation of SMEs: funding from the ICO, to help SMEs buy and lease equipment and services in order to go digital and set up telecommuting solutions, mobilising over €200M over the next two years.

22. Credit supplement worth 60M€ in budget concept 747.01 «a la Compañía de Reafianzamiento, CERSA» of programme 433M «Apoyo a la Pequeña y Mediana Empresa» funded in any of the ways that sets the Art. 55 of Law 47/2003, Budgetary General. DA1ª RDL 11/2020.

It is approved to increase the endowment of the CERSA Technical Provisions Fund with 60 million euros in order to provide an extraordinary coverage of the credit risk of financing operations for SMEs affected in their activity by COVID-19. In this way, CERSA will be able to assume about 1,000 million euros of risk that will allow mobilizing 2,000 million euros benefiting 20,000 SMEs and self-employed workers.

23. EMPRENDETUR: Suspension without interests, for one year and without the need for prior request, the payment of interest and depreciation of loans granted by the Secretariat of State of Tourism. Art. 41 RDL 11/2020.

In order to ensure liquidity and, therefore, the feasibility of tourism enterprises, the payment of interest and depreciation for loans granted by the Secretariat of State of Tourism within the programme Emprendetur I+D+I, Emprendetur young entrepreneurs and Emprendetur Internationalization, are suspended for a year and without any penalty.

24. Return of contributions paid to ICEX by companies that were to participate in fairs or other promotional activities of international trade that have been suspended by the crisis of COVID-19. Art. 43 RDL 11/2020

Many companies have suffered cancellations of numerous events planned to promote their internationalization with the support of ICEX. In many cases, these companies have assumed some expenditures, so in events organized by ICEX that have been cancelled of that have to be canceled for reasons of *force majeure*, those payments will be refunded. Also, in the case of cancellation of international events, ICEX will give companies additional aid based on incurred non-recoverable expenses.

25. Measures to reduce energy costs

Restrictive measures of commercial activity and mobility derive from the State of alarm, will mean for businesses reduced reduction of their turnover, which will generate tensions of liquidity due to the need to face fixed costs of operation.

To help SMEs, with less funding capacity than larger companies, it is wise to take a number of steps to reduce their energy costs:

- o Flexibility of electricity supply contracts for freelancers and companies. Art. 42 RDL 11/2020



- Flexibility of natural gas supply contracts. **Art. 43 RDL 11/2020**
- Suspension of electricity, natural gas and petroleum products bills. **Art. 44 RDL 11/2020**

26. Enlargement of administrative deadlines for companies. D.A.8ª RDL 11/2020.

Regulatory extensions, that apply to State, regional and local level, are regulated in relation to the filing of administrative appeals and claims in certain circumstances and for certain procedures.

27. Promotion of entrepreneurial innovation Final Disposal 1ª RDL 11/2020

The Center for technological development Industry (CDTI) will also streamline aid and contributions towards the business sector in all its breadth (SME, mid-sized companies and large companies), in order to foster business innovation in the fight against the pandemic, as well as to ensure the proper functioning of the Spanish business fabric at this time. This will enable both the quick fund of prototypes development and the disposal to industrialize some urgent sanitary products.



2. MEASURES TO SELF-EMPLOYED

▪ FUNDING MEASURES

A series of support measures are established for the self-employed workers, with the aim of facilitating their essential access to liquidity to carry out their projects.

These liquidity guarantee measures seek to sustain economic activity in the face of transitory difficulties that have arisen as a consequence of the situation generated by COVID-19.

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Specific line of intermediated credit for self-employed individuals –and companies- in the tourist sector and related activities. Modifies the existing line of credit, expanding its application to affected self-employed individuals and companies throughout Spain (not only the Autonomous Communities of the Canary Islands and Balearic Islands) and to sectors related to tourism which were not specified in the original line of credit. The line of credit provides €200M in addition to the €200M initially planned.

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companies, especially SMEs and self-employed workers. This will be done via ICO lines of financing through the intermediation of financial institutions both short and medium-long term and in accordance with their direct funding policy for larger companies.

4. Extraordinary postponement of repayment schedule in loans guaranteed by Autonomous Communities and Local Entities to entrepreneurs and self-employed workers affected by the health crisis caused by the COVID-19. Art. 50 RDL 11/2020.

Those companies and self-employed workers who are borrowers of credits or financial loans whose ownership corresponds to an Autonomous Community or Local Entity may apply to the postponement of the repayment of its principal payment and/or interests to meet in the remainder of 2020.

To qualify for this extraordinary postponement, is necessary that the health crisis caused by the COVID- 19 or the measures adopted to mitigate it have already created in such companies or self-employed workers periods of inactivity, significant reduction in their sales volume or supply disruptions in their value chain.

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▪ ACTIONS IN SOCIAL SECURITY

These measures are designed to ease the financial stress and supporting the self-employed workers who have had to suspend its activity or to reduce it considerably.

In this line provides a moratorium on social contributions to Social security, the postponement of debts with Social security and provides digital management procedures.

7. Extraordinary benefit for cessation of activity, for those affected by the declaration of the State of alarm, for the management of the health crisis situation caused by COVID-19. Art. 17 RDL 8/2020

An extraordinary benefit is created for cessation of activity, which covers the completion of the activity caused by an involuntary situation in any case.

8. Moratorium on payment of the Social security contributions for 6 months. Art. 34 RDL 11/2020.

This measure enables the General Treasury of Social security to grant a moratorium of six months, without interest, to self-employed workers included in any Social security system, who request and meet the requirements and conditions to be established by order of the Minister of Inclusion, Social security and Migration.

If granted, the moratorium affects the payment of their Social security contributions and concepts of joint fundraising, whose vesting period, in the case of companies falls between the months of April and June 2020 and, in the case of own-account workers between May and July 2020.

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