

# COVID-19: update for business in Spain regarding Labour, Tax and Corporate matters.

## **EMPLOYMENT MEASURES**

Royal Decree Law 8/2020 on exceptional measures to deal with the economic and social impact of COVID-19 includes some specific updates on employment regulations.

Specifically, ERTES (Expediente de Regulación Temporal de Empleo) are taking place as a measure.

The processing of any kind of ERTE, ordinary or by force majeure, has been simplified by the Royal Decree.

### **1) New measures with respect to employment layoffs (EREs) and temporary layoffs (ERTES) due to force majeure.**

First of all, the company must report a direct link between the loss of activity and the consequences of COVID-19.

Secondly, the company must notify the application of an ERTE to the employees and submit the report and the documentary evidence. Then, the labour authority will issue a decision within 5 days verifying if there is or not the force majeure situation invoked by the company; a report from the Labour and Social Insurance Inspectorate might be requested by the Labour Authority.

Finally, the company has to decide whether they suspend contracts or reduce working hours.

The company will be exempted from the obligation to pay social contributions in respect of its employees registered in the Social Security at February 2, 2020, if:

- The company has less than 50 employees; a 100% exemption will apply
- The company has more than 50 employees; the exemption will cover 75% of the social security contributions.

However, in order to benefit from this exemption, companies must maintain employment for at least 6 months, as of the date the activity is restarted.

For workers, this period is considered as effectively contributed for all purposes.

## **2) New measures due to economic, technical, organizational and production-related grounds**

The company must notify the application of an ERTE to the employees and submit the report to the Labour Authority.

In this case, a workers' representative commission is needed. The representative committee (created within 5 days) will be made up of the union with the highest membership in the sector. If it is not possible this way, the committee will be made up of three workers from the company. The consultation period must not exceed a maximum of 7.

A report of the Labour and Social Insurance Inspectorate might be requested by the Labour Authority.

## **3) Unemployment benefit in the case of ERTES**

The unemployment benefit shall be recognized even if workers have not met the minimum contribution period required.

The time during which these benefits are received will not be computed for the determination of the completion of the established maximum periods for receiving benefits.

The benefits can be perceived until the end of the period of suspension of the employment contract or temporary reduction of working hours.

The late submission of applications of new or renewal of unemployment benefits established by law shall not imply the reduction of the term of the right to perceive the corresponding benefit.

## **TAX MEASURES**

### **1) Suspension of tax deadlines**

The deadlines that have not expired as of March 18, 2020, they are suspended until April 2020.

Deadlines communicated from March 18, 2020 are suspended until May 20, 2020.

Proceedings to which the above deadlines apply:

- Debt payments resulting from tax settlements made by the Administration and distraint orders.
- Maturities of adjournments and splits orders.
- Auctions and adjudications of goods.
- Tax procedures: care requirements, attachment proceedings, requests for information with tax significance, etc.
- Execution of guarantees that fall on real estate in distraint proceedings.

If, however, the taxpayer attends the requirement, the procedure shall be deemed fulfilled.

The period from March 18, 2020 until April 30, 2020 will not count for the purposes of the application of the time limits for the payment of taxes and the calculation of penalties processed by the Tax Agency.

Resolutions of appeals and administrative economic claims will be deemed notified when an attempted notification be credited between March 18, 2020 and April 30, 2020.

## **MEASURES IN THE CORPORATE LAW FIELD**

### **1) Boards of directors**

Meetings of the Board of Directors as well as any of the delegated committees may be held by videoconference, although the Bylaws do not expressly provide for them.

Sessions with written vote without a meeting may be adopted whenever decided by the chairman and shall be adopted when requested, by at least two members of the Board.

### **2) Formulation, audit and approval of statutory accounts by the Annual General meeting**

Formulation. The deadline of three months is suspended and will be re-established at a date 3 months after the end of the state of alarm.

Audit. If the Accounts have been formulated before March 14, 2020, the deadline for verification, if the audit is mandatory, is extended for 2 months starting from the date of on which the state of alarm ends.

General meetings scheduled before March 14, 2020, taking place during the State of alarm:

- The location and time scheduled for holding the meeting may be changed or revoked (minimum 48 hours before)
- In the case of revocation, the board will have the obligation to call it again within the month following the end of the state of alarm.

### **3) Other measures applicable to unlisted corporations**

If legal or statutory cause of dissolution had occurred before or during the state of alarm, the directors will not respond for debts incurred by the company in that period.

If before or during the declaration of the alarm state, legal or statutory cause of dissolution happens, the deadline for the dissolution of the company is suspended until the end of the state of alarm.

Dissolution of having fulfilled the duration. Full dissolution will not occur within two months from the end of the state of alarm.

Even if there is a legal or statutory cause, shareholders may not exercise the right to separation until the end of the alarm state and its extensions.

### **4) Suspension of the expiration term of registration during the term of Royal Decree statement alarm status**

The expiration period prescribed for the presentation of preventive annotations, and marginal notes or any other registry entries into the Mercantile Registry subject to cancellation by the passage of the time, is interrupted.

The calculation of the time limits shall be renewed on the day affecter the end of the alarm state or its extension.

*Please contact your Account Manager for telephone or email inquiries*

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