

**ROYAL DECREE-LAW 8/2020 OF 17 MARCH, ON URGENT EXTRAORDINARY MEASURES
TO DEAL WITH THE ECONOMIC AND SOCIAL IMPACT OF COVID-19.**

According to the latest infection data, Spain is one of the countries most affected by the coronavirus pandemic. In this context, on 14 March, the Spanish government decreed the alarm state. As a consequence of the measures that this alarm state implies, Spanish economy will probably be seriously affected. In order to try to alleviate these serious economic effects on workers, companies and self-employed, Spanish government, past 17 March, enacted the **Royal Decree-Law 8/2020 of 17 March, on urgent extraordinary measures to deal with the economic and social impact of COVID-19.**

In accordance with this Royal Decree, its main measures are as follows:

1. LABOUR MEASURES.

First of all, Royal Decree makes the extraordinary measures conditional on the company's commitment not to lay off employees **for a period of six months from the resumption of activity.**

1.1. Preference for remote working.

In those cases in which it would be possible, companies shall establish organizational systems to enable the activity to be maintained by alternative mechanisms, in particular, by means of remote working. This measure will be applied with priority over other measures, such as: temporary suspension of the employment contract or the reduction of working hours.

1.2. Working time adjustment and reduction of working time.

Employees who can prove their duty of care to an immediate family member (up to second degree of consanguinity) shall be entitled to adapt and/or reduce their working time.

Adjustment of the work schedule may concern the distribution of working time or any other aspect of working conditions, for example: shift change, variation of timetable, time flexibility, split shift or short working day, change of workplace...

1.3. Suspension of employment contract or reduction of working time due to force majeure.

A special procedure is established for those cases in which these measures (suspension of employment contract or reduction of working time) have their direct cause in losses of the activity as a consequence of COVID-19. This procedure is aimed at speeding up and facilitating bureaucratic procedures.

The key issue of this measure is the verification by the labour authority of the existence of force majeure.

1.4. Suspension of employment contract or reduction of working time due to economic, technical, organizational or production causes.

In cases where these measures (suspension of employment contract or reduction of working time) cannot be proved due to force majeure reason, the companies could apply them claiming economic, technical, organizational or production causes.

A number of special actions were included in relation to the duration of the consultation period with workers' representatives focused at shortening procedures.

1.5. Employer's social security contributions exemption for companies.

In the cases of suspension of employment contract or reduction of working time **due to force majeure**, the company will be exempted from the payment of the company's social security contributions and from joint quotas, during the whole period of suspension or reduction caused by the aforementioned cause.

1.6. Extraordinary cessation of activity benefit of self-employed.

Those self-employed whose activities had been suspended due to the alarm state or in the cases when their turnover level had been reduced to 75% compared with the average turnover level of the previous six-month will be entitled to the extraordinary cessation of activity benefit.

This benefit will be applicable for one month or until the last day of the alarm state. Furthermore, this period will not be discounted for future benefits to which the self-employed may be entitled.

2. FINANCIAL MEASURES.

2.1. Financing Line for companies and self-employed.

The Ministry of Economic Affairs and Digital Transformation will provide guarantees for financing granted by credit institutions, specialized credit institutions, electronic money institutions and payment institutions to companies and self-employed. This financing will be intended for meeting their liquidity needs.

The aforementioned Ministry **may grant guarantees for a maximum amount of 100.000 million euros.**

2.2. Extension of the net debt limit of the Official Credit Institute.

The net debt limit for the Official Credit Institute has been increased to 10 billion euros in order to provide additional financing to companies, especially SMEs and self-employed.

2.3. Extraordinary insurance cover line.

Exceptionally, and for a period of six months from the entry into force of the Royal Decree 8/2020, the creation of a line of insurance coverage of up to 2.000 million euros is authorised, charge to the Risk Reserve Fund.

3. TAX MEASURES.

Certain tax debt payment deadlines are suspended. For example, tax debts resulting from settlements from Public Administration will be extended until April 30, 2020.

Likewise, a set of timelines regulated in Article 62 of the General Tax Law will be extended until May 20, 2020.

4. MEASURES RELATED TO PUBLIC CONTRACTS.

These measures shall be applied to public service contract, public supply contract as well as public works contract.

When the contract execution is suspended for any reason connected with COVID-19, the awarding authority will have the obligation to indemnify the contractor for the economic damages caused by the suspension.

However, the damages that can be compensated are exclusively the following:

1. The salary costs paid by the contractor to the staff assigned on 14 March 2020 to the regular execution of the contract, during the period of suspension.
2. Expenses for maintenance of the final guarantee relating to the period of suspension of the contract.
3. Rental costs or maintenance cost of machinery, installations and equipment relating to the period of suspension of the contract, directly linked to the execution of the contract, provided that the contractor can prove that these means could not be used for other purposes during the suspension of the contract.
4. The cost corresponding to the insurance policies provided for specific administrative clauses.

The suspension of public sector contracts, when it occurs as a result of the causes describes, will by no means constitute a cause for the contract resolution.

The aforementioned measures do not apply to certain types of public contract, for instance: contracts of services or supplies whose object is linked to the health crisis caused by COVID-19.

5. EXTRAORDINARY MEASURES APPLICABLE TO LEGAL PERSONS GOVERNED BY PRIVATE LAW.

Several measures were approved to hold meetings of the company's governing bodies by videoconference and adopt company resolutions by written vote.

Moreover, the deadline for drawing up the annual accounts and other documents required by Corporations Law was suspended until the end of alarm state.

These are the main measures that we consider particularly interesting. You can access the normative text in the following link:

<https://www.boe.es/boe/dias/2020/03/18/pdfs/BOE-A-2020-3824.pdf>