

# COVID-19 ADDITIONAL TAX AND FISCAL MEASURES

By Royal Decree Law 15/2020 of 21 April, the following complementary measures have been adopted in this area:

## **1. Extension of the initially prolonged tax periods**

The deadlines for certain tax procedures that were extended to 30 April and 20 May 2020 by Article 33 of Royal Decree Law 8/2020, and in the eighth and ninth additional provisions of Royal Decree Law 11/2020, are **extended to 30 May 2020**.

## **2. The enforcement period does not start for certain tax debts**

The enforcement period does not begin in respect of those **tax returns and self-assessments submitted by a taxpayer within the ordinary term** of Article 62.1 of the General Tax Law (Ley General Tributaria, LGT), **without paying the corresponding tax debts**, and which meet the following **requirements**:

1. The taxpayer has requested, within the period referred to in the first paragraph or before the beginning of that period, public financing (ICO loan) for the payment of the tax debts resulting from those returns and self-assessments and for at least the amount of those debts.
2. That the taxpayer provides the Tax Administration, up to a maximum of five days from the end of the period for presentation of the tax return-settlement or self-assessment, with a certificate issued by the financial institution certifying that the request for financing has been made, including the amount and the tax debts involved.
3. That the application for funding is granted for at least the amount of the debts mentioned.
4. That the debts are effectively, completely and immediately paid at the time the financing is granted.

Failure to comply with any of the above conditions will result in the commencement of the enforcement period at the end of the term of Article 62.1 of the LGT.

## **3. VAT measures**

### **• Application of the 0% VAT rate**

**From 23 April to 31 July 2020**, the 0% VAT rate will be applied to the **supply of goods, imports and intra-Community acquisitions of certain medical equipment**, including: ventilators, intensive care respirators, suction tubes, humidifiers, plastic gloves, etc. These operations will be documented in the invoice as VAT-exempt operations.

This exemption will only apply when the recipients are public law entities, clinics or hospital centres, or private entities of a social nature.

### **• Amendment of Article 91.2.1. 2nd LIVA**

**The 4% VAT rate will be applied to books, newspapers and magazines, even when they are considered as electronically supplied services**, as well as the complementary elements supplied together with those by means of a single price.

This measure equalizes the tax rate of the physical book and the electronic book.

## **4. Measures relating to personal income tax**

### **• Limiting the temporary effects of the tacit waiver of the objective estimation method in the year 2020 on personal income tax**

Waiver of the objective estimation method is permitted. In this case, the instalment payment shall be calculated on the basis of the actual result for the period on the deadline for submission of the instalment payment for the first quarter of the financial year 2020. The objective estimation method may be reverted to in the financial year 2021, without operating the minimum 3-year

linkage, provided that the requirements are met and it is revoked during the month of December 2020 or by filing the return for the first quarter of the financial year 2021.

- **Calculation of the instalment payments in the objective estimation method for personal income tax**

If the objective estimation method for determining the net yield is not waived, it is established that the determination of the taxable income for income tax and VAT will be corrected in such a way that **the calendar days on which the alarm statement was declared in that quarter will not be counted as days of exercise of the activity in each calendar quarter.**

Similarly, for the calculation of income on account in 2020 for those who are covered by the special simplified VAT regime and carry out economic activities in Annex II of Order HAC/1164/2019.

#### **5. Option of using the instalment payment method of art. 40.3 Corporate Tax Law**

This possibility applies to the following taxpayers whose tax period began on or after 1 January 2020:

- Entities whose volume of operations **has not exceeded 600,000 euros in the 2019 financial year**, which exercise the option to make the instalment payments, on the part of the taxable base of the first 3, 9 or 11 months, by presenting within the period extended by the aforementioned Royal Decree-Law 14/2020 the instalment payment determined by application of the aforementioned taxable base modality.
- For taxpayers who have not been able to exercise the option in accordance with the above (because the filing period has already ended) and **whose net turnover does not exceed 6,000,000 euros**, it is foreseen that the option can be exercised within the period of the instalment payment to be presented in the first 20 days of the month of October 2020, also determined by application of the aforementioned method of taxable base.

This measure does **not apply to tax groups applying the special tax consolidation regime.**

The taxpayer who exercises this option will be bound exclusively by the payments corresponding to the same tax period, i.e. the next payments of October and December.

#### **6. Amendment to Article 33.3 of Royal Decree Law 8/2020**

In the auctions held by the State Tax Administration Agency, the bidder may request the cancellation of their bids and the release of the deposits constituted.

Bidders and successful bidders in auctions in which the phase of presentation of bids has ended and provided that no certification of the act of awarding the goods or the granting of a public deed has been issued, shall also have the right to return the deposit and, where applicable, the price of the auction entered, when they so request.

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