

EXCEPTIONAL MEASURES IN THE FIELD OF TAX LAW

The state of alarm decreed in Spain on 14 March 2020 in order to deal with the health crisis caused by COVID-19 has resulted in severe restrictions on the freedom of movement of citizens that could prevent them from fulfilling their tax obligations and carrying out tax procedures.

Royal Decree Law 8/2020 of 17 March, in force since 18 March 2020 (RDL 8/2020, in the following), has adopted the following exceptional measures in this area:

1. Extension of tax deadlines

- **Tax deadlines extended until 30 April 2020**

The following deadlines are extended until 30 April 2020, or later if specifically established in the regulation, **which have not expired on the date of entry into force of RDL 8/2020**, i.e. 18 March 2020:

- The deadlines for payment of tax debts are either (a) on a voluntary basis, (b) on a compulsory basis notified as from 1 March 2020, (c) on an enforced basis or (d) resulting from assessments notified as from 1 February 2020.

Therefore, if a tax assessment has been notified before the entry into force of RDL 8/2020 and the term for payment expires between 18 March and 30 April, the payment deadline is extended to 30 April 2020.

- Deferrals and/or fractions of payments already granted before March 18.
- Actions for the execution of guarantees on real estate will be suspended.
- The deadlines for electronic bidding and the awarding of property provided for in articles 104.2 and 104 bis of the General Regulations on Collection, approved by Royal Decree 939/2005, of 29 July.
- The deadlines for attending to requests made by any Tax Administration (inspection, processing, collection or sanctioning) and requests for tax information that have not concluded by 18 March.
- Answers to garnishment proceedings.
- The deadlines for making arguments before acts of opening of said proceedings or hearings, dictated in procedures of application of taxes, sanctions or declaration of nullity, refund of excessive income, rectification of material errors and revocation, in procedures that have not ended on March 18.
- The deadlines for answering requests and applications for information from the General Cadastral Direction that are within the deadline for replying on 18 March.

- **Tax deadlines extended until 20 May 2020**

The deadlines are extended until 20 May 2020 or later if specifically provided for in the regulation, **which will be notified as of 18 March 2020**:

- The deadlines provided for in Article 62.2 and 5 of the General Tax Law.

Therefore, if a tax settlement has been notified after the entry into force of the RDL, the payment term in the voluntary period is extended until 20 May 2020, unless the term granted by the general rule is longer.

- The expiration of the terms and fractions of the deferment and fractioning agreements that are granted.
- The deadlines related to the development of the bidding and awarding of goods referred to in Articles 2 and 104a of the General Collection Regulation.
- The requirements, seizure proceedings, requests for information and acts of opening of said proceedings or hearings.
- The acts of opening of pleadings or hearings that are communicated as of 18 March by the General Cadastral Direction.

- **Common dispositions to both deadline extensions**

The law does not require the submission of any specific request for the extension of deadlines and will therefore apply automatically.

If the taxpayer, even though the possibility to avail for the deadline extension, complies with the request, inquiry or submission of arguments and/or the required documentation, the procedure will be deemed to have been carried out.

These amendments to the time limits do not affect customs legislation and must comply with the special provisions of that legislation regarding the time limits for making allegations and responding to requests.

- **Deadlines that are not extended**

However, as emphasized by RDL 465/2020 of 17 March, the following deadlines are not extended:

- The deadlines for filing tax returns, such as model 720.
- The deadlines for the presentation and payment of self-assessment tax returns according to their own regulations (for example, VAT returns and fractioned payments returns).
- The payments of periodic taxes by means of a receipt (for example, IAE).
- Those corresponding to tax return filing obligations managed by the settlement system (residual cases), in which case the obligation to pay would be suspended.

For their part, the Autonomous Communities have adopted special measures for the regional taxes under their jurisdiction. In the case of the Valencian Community, the Generalitat Valenciana has agreed, by means of Decree Law 1/2020 of 27 March, a moratorium of one month from the day on which the state of alarm is ended, for the presentation of declarations for Inheritance and Gift Tax and Stamp Duty.

Additionally, the requirement to file form 600 in order to benefit from the deductions for renting in the Personal Income Tax has been eliminated with retroactive effect from 1 January 2019.

2. Deadline suspension

The **period of validity of RDL 8/2020**, i.e., from March 18 to April 30, 2020 **shall not be taken into account for the maximum duration of tax procedures** processed by the State Tax Administration Agency-AEAT, although during this period the Administration may promote, order and carry out the essential procedures.

Also, **it shall not count for purposes of tax prescription** and the periods of prescription and expiration of any tax actions and rights during this period are suspended.

For the sole purpose of calculating the periods of limitation, in the reversal appeal and in the economic-administrative procedures, **the resolutions that end them shall be deemed to be notified when an attempt to notify the resolution is accredited.**

However, **the period for submitting the corresponding reversal or economic-administrative appeal** against tax acts, **as well as for appealing through administrative means** against the resolutions issued in the economic-administrative proceedings, **will not be initiated until the end of this period**, or until the tax notification has been made if it is made later.

On the other hand, by Royal Decree Law 11/2020 of 31 March, a complementary measure has been adopted which establishes that the period for filing economic-administrative appeals or reversal will begin to run from 30 April 2020 and will apply both in cases where the period for appealing has begun to run from one month to the day after the notification of the act or resolution being appealed against and the period of 13 March 2020 has not yet expired, and in cases where the administrative act or resolution being appealed against or complained about has not yet been notified. The same measure shall be applicable to appeals for reversal and claims that, in the tax field, are regulated in the revised text of the Law Regulating Local Treasuries.

Therefore, the period for filing the economic-administrative appeal or claims will begin on 1 May, both for those acts notified before 13 March, whose deadline for submission the appeal was within the period of the state of alarm, and for those notified between 13 March and 30 April.

3. Tax debt deferral

Royal Decree-Law 7/2020 of 12 March and RDL 8/2020 regulate the deferral of certain tax debts.

These measures apply to debts resulting from declarations-settlements and self-assessments for which the deadline for payment is 13 March 2020 up to and including 30 May 2020. The requirements for qualifying for the deferral are as follows:

- Debtors must be natural or legal persons with a volume of operations not exceeding 6,010,121.04 euros in 2019 (small-sized entities).
- The debt must be less than 30.000 euros.
- No guarantee will be required.
- The deferment will be granted for a period of 6 months, of which only during the first 3 months no interest on arrears will accrue.

In addition, the deferment may also be applied to the following tax debts:

- Tax obligations to be met by the withholder or the person obliged to make payments on account.
- Those derived from taxes that must be legally passed on.
- Fractionated payments of corporate tax.

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