

NEW AIDS FOR SMEs AND FREELANCERS

Through the new Royal Decree-law 5/2021, of 21th March, a set of measures to mobilize a public investment up to 11.000 million euros is established around four courses of action: three additional funds to finance direct aids, balance restructuring and recapitalization of companies and extension of tax moratorium and bankruptcy.

1) DIRECT AIDS FOR SMEs AND FREELANCERS

A new Covid Line of direct aids for freelancers and SMEs is created, to reduce the indebtedness contracted between the 1st of March 2020 and the 31st of May 2021.

Requirements:

Freelancers and companies whose registered office are located in the Spanish territory, whose operation's amount in 2020 has decreased at least a 30% compared to 2019 and whose activity is included in one of the codes of the *Clasificación Nacional de Actividades Económicas* –CNAE 09– established in the Annex I of the Royal Decree-law, will be able to ask for these aids.

Under any circumstance, freelancers and companies who had a negative result in 2019 can ask for these aids.

The money received by freelancers and companies will be necessarily allocated to pursue the following purposes:

- Cover fixed costs incurred between the 1st of March 2020 and the 31st of May 2021, provided that they come from contracts prior to the entry into force of the Royal Decree-law 5/2021 of 21st of March: payment provider, supplies, salaries, leases.
- Reduce indebtedness, through payment of financial debt, providers and other creditors.

Every company and freelancers from the hospitality and catering industry will have access to these aids. Also those industries with major incidence of ERTes, and others

specially affected by the pandemic such as activities from the manufacturer industry related to commerce and hospitality; wholesale trade and retail; auxiliary transport and logistic sectors; aircraft maintenance, tourism operators and activities related to culture (museums, scenic arts, theaters) and sportive activities.

Amount:

For freelancers who pay taxes by modules in the PIT (objective estimation), the limit of the amount is 3.000 euros.

For freelancers and companies whose annual operation's volume might have decreased more than 30% in 2020 compared to 2019, the maximum amount depends on the number of employees:

- Up to 10 employees: 40% decrease on the operation's amount in 2020 compared to 2019 that overcome the 30% of the decrease.
- More than 10 employees: 20% decrease on the operation's amount in 2020 compared to 2019 that overcome the 30% of the decrease.

In any case, the minimum amount of the aid will be 4.000 euros and the maximum for freelancers and companies of 200.000 euros (for 3.000 for those who pay taxes by modules).

Prerequisites:

To have access to this aids freelancers and companies must meet the following prerequisites:

- Being up to date with their tax and social security payments.
- Not sharing profits within a period of 2 years (2021 and 2022) and not approve increments on the retribution of the senior executives within that period.
- Maintain the activity until the 30th of June 2022.
- Not being on bankruptcy nor having ceased his activity at the time of the application.
- Not having the registered office in a tax haven
- Be registered before the 12th of March 2021 in one of the activities classified in any of the codes of he CNAE established in the Annex.

Application:

They will be managed by the Autonomous Communities and controlled by Treasury. It is expected to start the process within 40 days.

Freelancers and entrepreneurs whose operation's amount in 2020 have been less than 10 million euros can only submit the request in the Autonomous Community where his tax residence is established.

2) RESTRUCTURATION OF THE FINANCIAL DEBT:

The Government is empowered to adopt additional measures of flexibility of the loans endowed with public endorsement, thus allowing this financing to be incorporate into the refinancing and restructuring processes agreed between the banks and their customers and, therefore, protecting financial stability.

3,000 million euros will be available for the COVID financial restructuring debt, and allow, as a last resort, the conversion of part of the public guarantee in transfers to companies and the self-employed most affected by the crisis that meet the requirements established by the Agreement of the Ministers, within an agreement reached with the creditor financial institutions.

Through an Agreement of the Council of Ministers, the content of the Code will be developed of Good Practices, which may be signed by financial entities to facilitate an adequate response from the financial sector to the exceptional situation economic, to reinforce business solvency and guarantee liquidity in the face of future.

To support viable companies that face problems of solvency produced by COVID-19 that cannot access the fund managed by the State Society of Industrial Participations (SEPI) for companies and larger operations and require additional capital enhancement after the articulation of the measures provided for in the previous sections, a new Recapitalization Fund for companies affected by COVID, endowed with 1,000 million euros, which will be managed by COFIDES, attached to the Ministry of Industry, Commerce and Tourism through the Secretary of State for Commerce.

3) PUBLIC SUPPORT TO SOLVENCY:

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With the aim of reinforcing the solvency of companies, the D.A 1^a allows, under the request of the beneficiary and in an extraordinary way, the extension of the terms of execution and justification of industrial projects receiving aid or financing from the Secretary General of Industry and SMEs that have already been subject to an extension of the execution period previously, provided that allege supervening circumstances directly linked to the states of alarm arising from the COVID-19 crisis.

4) OTHER MEASURES:

Bankruptcy proceedings:

The moratoriums for the triggering are extended until the end of the year automatic bankruptcy proceedings, in order to provide a margin of additional time so that companies that are experiencing greater difficulties such as consequence of the pandemic can restore their equity balance, avoiding an unnecessary entry into the contest.

Postponement of tax debts:

All those declarations-settlements and self-assessments whose term of presentation and entry ends from April 1 to April 30, 2021, 6 months may be deferred, and no late payment interest will accrue during the first 4 months of the postponement.

It will be a necessary requirement for the granting of the postponement that the debtor be a person or entity with a volume of operations not exceeding 6.010.121.04 euros in 2020.

Possibility of holding exclusively telematic meetings in 2021:

The standard has considered essential that all capital companies regulated in Royal Legislative Decree 1/2010, of July 2, which approves the revised text of the Capital Companies Act, and the rest of the legal persons of private law (civil companies, cooperative companies and associations) that have not been able to modify their bylaws to allow the holding of the general meeting or assemblies of associates or partners by telematics channels , can continue to use these channel during financial

year 2021, guaranteeing the rights of the associates or minority partners who could not travel to the venue of the meeting or the Assembly.

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