

Informative Note

Main measures for companies and the self-employed in relation to COVID-19, approved by the 31st March Royal Decree-Law 11/2020

2nd April 2020

Regarding the 31st March Royal Decree-Law 11/2020, adopting additional urgent measures in the social and economic field to deal with COVID-19

On 17 March, the Council of Ministers approved [Royal Decree-Law 8/2020](#), which adopted a series of urgent measures to respond to the economic and social impact of COVID-19.

In view of the evolution of the health crisis, it is necessary to extend these measures over time and to adopt other complementary measures in order to mitigate the economic and social impact of the situation caused by this crisis, as well as to develop and strengthen some of these measures to make them more effective.

To this end, on 31 March last, the Council of Ministers approved Royal Decree Law 11/2020, adopting urgent complementary measures in the social and economic field to deal with COVID-19.

Below is a summary of those measures included in the Royal Decree-Law 11/2020 that particularly affect companies and the self-employed

Social bond for self-employed workers who have ceased their activity or whose turnover has been reduced by 75%

Article 28 of Royal Decree Law 11/2020 extends the group of potential recipients of the social bond of electricity to those professionals who are self-employed or self-employed and who prove, after the declaration of the state of alarm, to the marketing company in question, that they are entitled to the benefit for (1) total cessation of activity or for (2) having seen their turnover reduced in the month prior to that in which the social bond is requested by at least 75% in relation to their average turnover for the previous six-month period under the terms provided for in Royal Decree Law 8/2020 (although This reduction in income will be calculated in relation to the average turnover over the previous 12 months in the case of self-employed persons carrying out activities covered by CNAE 2009 codes 9001 to 9004 - included - or in relation to turnover over the previous marketing year in the case of self-employed persons engaged in agricultural production of a seasonal nature, all pursuant to the amendment to Royal Decree Law 8/2020 contained in the first final provision of Royal Decree Law 11/2020).

In addition, in order to acquire the status of "vulnerable consumer" and be entitled to receive the social bond, self-employed workers must prove to the energy provider that their income or the joint annual income of the family unit does not exceed the following multiples of the Public Income Index (IPREM): (a) 2.5 times the IPREM, if the holder of the supply point is not part of a family unit or there is no child in the family unit; (b) 3 times the IPREM if there is a child in the family unit; or (c) 3.5 times the IPREM if there are at least two children in the family unit.



For the purpose of accrediting compliance with the above requirements, an application form has been provided to the marketing company in question, included as Annex IV of Royal Decree Law 11/2020, to which the documentation indicated in the aforementioned article 28 must be attached by e-mail.

The consideration of "vulnerable consumer" under the protection of Royal Decree-Law 11/2020 may not be extended for more than six months, and the marketing company must be informed of the moment in which the circumstances foreseen in said Royal Decree-Law that would have given the right to receive the social bond cease to exist.

Moratorium on the payment of social security contributions

Article 34 of Royal Decree Law 11/2020 allows the General Social Security Treasury (TGSS) to grant companies and self-employed workers a six-month moratorium on the payment of contributions, without interest, provided that the applicants meet certain requirements and conditions to be established by Ministerial Order. If granted, the moratorium will affect the payment of contributions whose accrual period is between the months of (a) April and June 2020 in the case of companies and (b) May and July 2020 in the case of self-employed persons, provided that their activities have not been suspended due to the declaration of the state of alert.

Applications for a moratorium must be made within the first ten calendar days of the respective entry deadlines, by electronic means (RED system or, additionally in the case of the self-employed, at the Electronic Headquarters of the Secretary of State for Social Security). The granting of the moratorium will be communicated within three months of the request, although it will be understood to be granted in respect of settlements made from the date of submission of the request.

The moratorium will not apply to companies that have obtained exemptions in the payment of the business contribution and in the joint collection quotas as a result of the procedures of suspension of contracts and reduction of working hours due to force majeure provided for in Royal Decree Law 8/2020.

It also provides for the application of penalties (in addition to the corresponding surcharges and interest) to requests for moratoriums submitted by companies and self-employed workers that contain false or incorrect data.

Deferment of Social Security debts

Under Article 35 of Royal Decree 11/2020, companies and self-employed persons may apply for deferment of payment of their social security debts between April and June 2020, at a reduced interest rate of 0,5 %, provided that they have no other deferment in force with the social security authorities. As with the moratorium, the request for deferment must be made within the first ten calendar days of the statutory deadline for payment.

Measures to make electricity supply contracts more flexible

Article 42 of Royal Decree Law 11/2020 allows the self-employed and companies to (1) temporarily suspend their electricity supply contracts or (2) modify such contracts or extensions thereof (including requests for changes in power or access tolls) in order to adapt them to their new consumption patterns, without any penalty payable by the self-employed or the company that requests it.

Within three months from the end of the alert state, the self-employed worker or company that has benefited from any of these measures to make consumption more flexible may also request (1) the reactivation of the contract or (2) a new modification of the supply contract, which must be dealt with by the marketing company within a maximum period of five calendar days, with no repercussions on the cost except in the cases assessed in Article 42 itself.

Measures to make natural gas supply contracts more flexible

Similarly, under Article 43 of Royal Decree Law 11/2020, the self-employed and companies may take advantage of the following measures to make the supply of natural gas more flexible, at no cost, for the duration of the state of alert: (1) modification of the contracted flow, (2) inclusion in a toll step corresponding to lower annual consumption, or (3) temporary suspension of the contract.

Within three months from the end of the alarm state, the self-employed person or company that has taken advantage of any of the previous measures may request (1) the reactivation of the contract or, if appropriate, (2) the re-establishment of the previous conditions, without repercussions to the company or self-employed person.

Suspension of electricity, natural gas and petroleum product bills

For its part, Article 44 of Royal Decree Law 11/2020 provides that, while the state of alarm lasts, the self-employed and companies may ask their provider or distributor to suspend the payment of invoices for the supply of electricity, natural gas, manufactured gases and liquefied petroleum gases that refer to billing periods included in the state of alert decreed as a result of COVID-19.

Once the alarm state has ended, the amounts due must be regularised in equal parts in the invoices issued by the sales companies and/or distributors in question corresponding to the billing periods in which the following six months are included.

In the event of taking advantage of these measures, it will not be possible to change the supply company until the regularisation process has been completed.

Other measures: moratorium on mortgage debt and exceptional provision of pension plans.

In addition to the measures included in the sections expressly devoted to companies and self-employed persons, it is worth noting two other measures provided for in Royal Decree Law 11/2020 which, if necessary, could be applied to self-employed persons and professionals.

On the one hand, Article 19 extends the moratorium on the payment of mortgage debt provided for in Royal Decree Law 8/2020 to property used for economic activity by the entrepreneurs and professionals referred to in Article 16.1(a) (basically those who suffer a substantial loss of income or a substantial drop in turnover of at least 40%).

And, on the other hand, the twentieth additional provision of Royal Decree Law 11/2020 allows for the consolidated rights of their pension plans to be made available or effective for a period of six months from the declaration of the state of alarm to (among other groups) self-employed workers who have previously been integrated into a Social Security system and who have ceased their activity as a result of the health crisis caused by the COVID-19.

We hope that these comments will be useful and, in any case, the tax team at **Andersen Tax & Legal**, is at your disposal to clarify any doubts you may have in this regard.

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