

Informative Note

Main public law and regulatory measures in relation to COVID-19  
adopted by Royal Decree Law 8/2020

18th March 2020

Regarding Royal Decree-Law 8/2020 on urgent extraordinary measures to deal with the economic and social impact of COVID-19

The Spanish Government has approved the 17th March [Real Decreto-ley 8/2020](#), approving urgent exceptional measures to deal with the economic and social impact of COVID-19.

The regulation, which comes into force when it is published in the BOE on March 18, contains measures of different types and scope aimed at mitigating the effects on the production structure, demand and citizens caused by the health emergency caused by the COVID-19 pandemic and will be in force until April 18, unless a different deadline is set for any of them. This deadline may be extended by the Government by Decree-Law if necessary.

The main new features included in the Royal Decree-Law 8/2020 in terms of public and regulatory law are set out below:

Measures aimed at sectors of the population deserving special protection include

- The provision of funds for the reinforcement by the regional administrations and local entities of the social assistance services, allowing local entities to allocate the surplus of the previous year to primary care and dependency social services.
- The guarantee of the supply of drinking water, electricity and natural gas to domestic consumers accredited as vulnerable or in a situation of social exclusion in accordance with the provisions of the regulation of the electricity system even if non-payment of contracts occurs.
- Freezing the maximum sales prices of liquefied petroleum gases (butane/propane) for the next six months.
- Extension of the subsidised rates (electricity supply) until 15 September without prejudice to the need for their holder to continue to maintain the conditions required to be entitled to them.

Measures to maintain telecommunications services affecting any type of user  
(individual or company)



- The electronic communications service may not be interrupted, even if provided for in the contract, for those who have already contracted for it, except for reasons of security or network integrity (Article 44 LGTC). The possibility of derogating from the contract shall only apply as long as the alert state is in force.
- The universal electronic communications service provider must guarantee the continuity and quality of the service and maintain the service with the same number of users and the same conditions of affordability for the duration of the alert state.
- In order to avoid physical movement during the alert, all land line and mobile number portability operations that are not in progress shall be suspended, except in exceptional cases of force majeure.

### The measures relating to public contracts that are being implemented

- The service and supply contracts for successive deliveries will be extended when, as a result of the suspension of administrative deadlines ordered by the Royal Decree of Alert, it has not been possible to award the new contract even though the conditions established for this purpose in the Law on Contracts of 2017 have not been met. We understand that this extension will apply to all contracts and not only those awarded under the 2017 Act.
- Contracts for services and supplies for the provision of successive services will be automatically suspended if, as a result of the pandemic or measures taken by the public authorities, it is impossible to continue with the execution of the contract. This impossibility shall not be grounds for termination. The suspension will take place automatically, although it must be "recognised" by the contracting body at the request of the interested party, which must be accompanied by a list of the personal and material resources assigned to the contract, although no time limit is established (five days is for the decision to be taken). And it will be extended until the situation of impossibility has disappeared and the contracting body formally accredits it. The suspension means the non-application of the ordinary rules of contract law for the suspension of contracts and the application of the distribution of damages between the contracting parties established in this precept. The contractor's compensation includes salaries, costs of deposits, costs of rental and maintenance of installations and machinery and costs of the insurance policy required by the contract, provided it is in force. Business profits are not included among the indemnifiable items.
- Contracts for services and supplies in execution other than those mentioned above when the contractor incurs delays in the terms attributable to the pandemic or to the measures adopted as a result of the same. The execution period will be extended when the contractor accredits to the contracting body that it is impossible to comply with the above-mentioned reasons. The extension will be at most equivalent to the time in which the impossibility of fulfilling the contract persists. The contractor will be entitled to the salary expenses incurred for the delay with a



maximum of ten percent of the initial price (without modifications to the contract) to be accredited.

- Contracts for jobs in progress. The contractor must accredit to the contracting body the impossibility of continuing with the execution of the contract, together with the material and personal means assigned to the contract and the justification that they cannot be used in other activities. This request must be approved within five days and silence is negative. The application of the contractual legislation is excluded, so that within the concepts that can be compensated, the business benefit is not included. When the completion of the work contract is foreseen during the validity of the alarm period, the contractor may request the extension of the period provided he offers to comply with the contract within this extra period. The compensation of the contractor for the suspension period is conditioned to the fact that he and his subcontractors and suppliers are up to date with their labour and social obligations, and that he is up to date with the payment of subcontractors and suppliers.
- In works and service concessions, the impossibility of executing the contract, duly accredited by the concessionaire and authorized by the contracting body, will allow the extension of the term by up to a maximum of fifteen percent of the initially established term or the modification of the economic conditions for the reestablishment of the economic equilibrium, for which the loss of income and the increase in costs will have to be taken into account, among which the extra salary costs.
- Included in the suspension are contracts signed by public sector entities subject to the law on procurement in excluded sectors under the same conditions and terms.
- A series of contracts directly related to the public interest served by the extraordinary measures are excluded from the suspension: contracts for health, pharmaceutical or other services or supplies whose object is linked to the health crisis caused by the COVID-19; contracts for security, cleaning or computer system maintenance services; contracts for services or supplies necessary to guarantee the mobility and security of transport infrastructures and services; and contracts awarded by public entities that are listed on official markets and do not obtain income from the General State Budget.

### Measures affecting the awarding of contracts by the general administration of the State and bodies governed by public law

- The contracts to be concluded to meet the needs arising from the protection of persons and other measures adopted by the Council of Ministers to deal with COVID-19 will be subject to emergency processing.



## Deadlines

- The suspension of the administrative deadlines operated by the Alert Decree will not be applicable to those provided for in the present Royal Decree Law.

## Measures to support COVID-19 research

As a measure to support COVID-19 research, the Royal Decree-Law approved the granting of **extraordinary credits to the Ministry of Science and Innovation and the Carlos III Health Institute** for the purpose of allocating them to (i) possible exceptional needs caused by the COVID-19 coronavirus crisis, for amounts of 950,000 and 250,000 euros, and (ii) direct grants for projects and programmes of scientific and technical research into the COVID-19 coronavirus, for an amount of 24,000,000 euros.

## Acceleration Plan

The Royal Decree-Law highlights the immediate launch, through the public business entity RED.ES, of the Programa Acelera PYME (SMEs Acceleration Programme) with the aim of articulating a set of initiatives in collaboration with the private sector to support SMEs in the short and medium term. The measures included in the Acelera PYME Programme include the following:

- Support measures to accelerate the process of digitisation of SMEs from advice and training, and those aimed at implementing **teleworking** solutions.
- Measures to support the creation of technological solutions for the **digitalisation of SMEs**.
- **Financial support** measures for the digitalisation of SMEs by means of financing through the Official Credit Institute ICO for the purchase and leasing of equipment and services for the digitalisation of SMEs and teleworking solutions, mobilising more than 200 million euros over the next two years.

In addition, the Royal Decree-Law states that the allocation of the Red Cervera Technical Provisions Fund and R&D&I projects included in the General State Budget for 2018 will change its use to cover the risks that the Centre for Technological and Industrial Development (CDTI) may incur in financing the R&D&I projects of SMEs and mid-cap companies, through aid instrumented through loans.

We hope the information is useful and of your interest. At Andersen Tax & Legal we have created a multidisciplinary team to attend to all the questions that may arise on this aspect or in related to the COVID-19.

For more information please contact:

[José Vicente Morote](mailto:jvicente.morote@andersentaxlegal.es) | Partner in the area of Public and Regulatory Law  
[jvicente.morote@andersentaxlegal.es](mailto:jvicente.morote@andersentaxlegal.es)



[Silvia del Saz](#) | Of Counsel in the area of Public and Regulatory Law  
[silvia.delsaz@andersentaxlegal.es](mailto:silvia.delsaz@andersentaxlegal.es)

[María Pascual](#) | Associate in the area of Culture, Sports and Entertainment  
[maria.pascual@andersentaxlegal.es](mailto:maria.pascual@andersentaxlegal.es)

[Alexandra Díaz](#) | Associate in the area of Culture, Sports and Entertainment  
[alexandra.diaz@andersentaxlegal.es](mailto:alexandra.diaz@andersentaxlegal.es)

The above comments are for information purposes only and do not constitute professional opinions or legal advice, nor do they necessarily include the opinions of the authors. If you are interested in obtaining additional information or clarification of the content, please contact us by telephone on + 34 963 527 546/34 917 813 300 or by e-mail at [communications@andersentaxlegal.es](mailto:communications@andersentaxlegal.es).

