

Urgent fiscal measures adopted in relation to COVID-19

16th March 2020

Urgent fiscal measures adopted by the government to respond to the economic impact of COVID-19

The Government has approved Royal Decree Law 7/2020 of 12th March, adopting urgent measures to respond to the economic impact of COVID-19. In addition to these measures detailed below, some imminent measures are expected to be approved following the meeting held today, Monday 16th March, by the Eurogroup.

1. Deferral of tax debts for entities or persons with a volume of operations not exceeding 6,010,121.04 euros in 2019, a measure included in Royal Decree-Law 7/2020 approved on March 12th.

RD 7/2020 establishes a temporary modification on the deferral of tax debts for those debtors who have had a volume of operations not exceeding 6,010,121.04 euros in 2019. These taxpayers are offered the possibility of requesting a deferral of the payment of tax debts corresponding to the settlements and self-assessments for which the deadline is between 13th March 2020 and 30th May 2020 (both inclusive), provided that this request meets the requirements of Article 82.2.a) of the General Tax Law. Specifically, this article establishes the following:

"The taxable person may be wholly or partly released from the obligation to provide the guarantees referred to in the previous paragraph in the following cases:

- (a) *Where the tax debt is less than the amount laid down in the tax legislation. This derogation may be limited to requests made at certain stages of the recovery procedure."*

In this regard, and given that the amount currently set by tax legislation, specifically by Order HAP/2178/2015, of 9 October, is 30,000 euros, taxpayers who meet the above requirements may request the deferment of the tax debt without providing a guarantee, for a period of six months and without interest on arrears for the first three months.

Similarly, tax debts normally excluded from the scope of the deferral will be allowed to be deferred, the tax debts referred to in Article 65(2)(b), (f) and (g) of Law No 58/2003 of 17 December 2003.

These tax debts are:

- (a) *"Those relating to tax obligations to be met by the withholder or the person liable to make payments on account". That is, those arising from withholdings and payments on account. By way of example, withholdings and payments on account of personal income tax on income from work or professional activity, movable capital/real estate, etc.*



f) "Those derived from taxes that must be legally passed on unless it is duly justified that the payments passed on have not actually been paid". In other words, those derived from taxes that have been passed on. By way of example, Value Added Tax.

g) "Those corresponding to tax obligations that must be fulfilled by the person obliged to pay Corporate Income Tax in instalments".

In order to request the aforementioned postponement, the provisional instructions for your application have been made available to the taxpayer through the Tax Agency's website at the following [link](#).

1. Extension of time limits in tax proceedings

Finally, the third additional provision of Royal Decree 463/2020 of 14 March includes the extension of time limits in tax proceedings.

Specifically, it establishes the suspension of terms and interruption of deadlines for the processing of procedures of public sector entities, being resumed at the time that the Royal Decree loses effect, or extensions thereof.

In turn, the Tax Agency, through the issue of an "Important Notice" through its website has reported the following:

"The deadlines in the tax procedures are going to be extended by means of an imminent regulatory change. Do not worry if you have a pending procedure. If the regulatory change is approved, the Agency is aware of the situation and will not consider the deadline to have been missed.

We are able to postpone your appointment; we will call you to inform you of the new date".

2. Paralysis of judicial activity.

The Ministry of Justice, the General Council of the Judiciary and the Attorney General's Office designed a joint plan last Friday, March 13, to paralyze judicial activity in the country in the face of the declared state of alarm.

In a communiqué, attached in the following link, the three institutions agreed to maintain only minimum services (actions with cases involving prisoners or detainees, guard services in matters of gender violence or urgent actions in matters of prison surveillance, etc.), as these services are essential and thus avoid irreparable damage to citizens.

This standstill also implies a moratorium on procedural time limits.

We recall that in addition to these measures, others are expected to be adopted in the coming hours/days.

Click here to see the [Royal Decree](#) published in the Government Gazette.

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