

Bové Montero y Asociados

RDL 19/2020: main commercial and tax changes

At **Bové Montero y Asociados** we take a look at the main tax and commercial changes adopted in Royal Decree-law 19/2020, of 26 May 2020. These include changes to:

1. Preparing and approving annual accounts

Under Royal Decree-law 19/2020 of 26 May 2020, the deadlines for preparing, auditing (if applicable), and approving company annual accounts for the last financial year would be as follows:

If accounts had not been prepared and approved prior to 13 March 2020 or during the state of alarm:

	From 27 May 2020	Deadline (financial year ended 31 Dec. 2019)
• Preparation of annual accounts	The requirement to prepare annual accounts is suspended until 1 June 2020 . There will then be a three-month window to prepare them.	The deadline for preparing accounts is therefore 31 August 2020.
• Requirement to audit annual accounts (if applicable)	The requirement is unchanged. The deadline for issuing an auditor's report is extended to two months after the date on which the state of alarm ends.	To be confirmed, since it is as yet unknown when the state of alarm will end.
• Approval of annual accounts	A general meeting must take place to approve the annual accounts within two months following the deadline for preparation.	This means the deadline for approving annual accounts will be five months from 1 June 2020, or two months from 31 August. The deadline is therefore 31 October 2020.
• Filing annual accounts with the Commercial Register	The requirement is unchanged, and as such the deadline for filing accounts with the Commercial Register of one month after approval still applies.	The deadline is 30 November 2020.



WE ARE AN INDEPENDENT MEMBER OF
THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

www.bovemontero.com

Bové Montero y Asociados

Companies whose financial year ends before 1 June and after 31 December 2019 and that haven't prepared accounts during the state of alarm must also do so within three months from 1 June:

- Year-end: 31 March 2020
- Deadline for preparation: 31 August 2020 (although they may do so earlier)
- Deadline for approval: 31 October 2020 (although they may do so earlier, having first prepared accounts.)

The fact that the requirement to prepare accounts is suspended until 1 June 2020 means that the three-month window begins 1 June.

2. Extended interest-free period on tax liability deferrals

The Spanish Tax Agency has extended the period during which no default interest will accrue on tax-liability deferral applications made in light of Royal Decree-law 7/2020 (RDL) of 12 March, from three months to four. Let's recap the main features of this measure; (i) Deferral of settlements and self-assessments, for payments and filing dates falling in March, April, or 1-30 May inclusive (ii) the maximum amount that can be deferred without guarantee is 30,000 euros. (iii) maximum six-month deferral (iv) the taxpayer's 2019 turnover may not exceed 6.010.121,04 euros.

This means that for extension applications made in April 2020, no interest would accrue in May, June, July, or August, but would do so only from 1 September until 31 October.

3. Filing Corporate Income Tax Returns

CIT 2019 taxpayers whose window for preparing and approving annual accounts comes under the provisions of RDL articles 40 and 41 may file their CIT returns for the corresponding tax period up until the deadline of **27 July 2020**, using the annual accounts available at that time.

The accounts to be used for this purpose are as follows: the audited annual accounts; or, if they are not available, the prepared accounts; or, if neither of these are available, the entity's accounts kept in accordance with commercial law (the Spanish Code of Commerce, and the accounting standards applicable to the entity).

This raises the question of what will happen if the annual accounts approved at a later date differ from the declarations made in the CIT return.

In this case, the entity must file another CIT return using the correct data and marking the box labelled "complementary". The deadline for this is **30 November 2020**.



Bové Montero y Asociados

This could lead to one of the following situations:

1. **The new settlement produces a larger tax liability, or a smaller refund:** In this case, default interest payable to the Tax Agency would begin to accrue from 28 July - provided that filing took place within the relevant period.
2. **The new settlement produces a (larger) refund:** In the case of a refund payable by the Tax Agency, default interest payable to the taxpayer will begin to accrue after one of the following periods has elapsed, depending on the stage in the process at which filing took place; (i) if the refund application was made during the voluntary period, default interest will begin to accrue after a period of six months has elapsed from 28 July, or, (ii) if the refund took place in the second stage in the process, up until 30 November, the six-month period will begin on 1 December.

The surcharges for late filing provided in Spanish General Tax Act, article 28 will not apply to any of the above cases.

3. **Other cases.** In the case that the second self-assessment return is not classed as complementary, it will automatically have effect as an **amendment to the initial settlement**, and will take effect upon filing, with no need for the Tax Agency to decide as to its legitimacy (General Tax Act, article 120.3 will not apply). It will not preclude possible full verification proceedings in the future.

The team at **Bové Montero y Asociados** is at your service to clear up any doubts, and continue providing all the support you need.

