

Analysis of Royal Decree-law 11/2020, on urgent employment measures to tackle COVID-19

Royal Decree-law 11/2020, of 1 April 2020, sets out a **new series of social measures** aimed at supporting workers, consumers, families and vulnerable groups, as well as steps to support businesses and the self-employed.

We highlight the following implications for **labour law**:

1. Moratorium on Social Security contributions

There is a **six-month** interest-free moratorium for those companies and self-employed workers included in any Social Security regime that request it, and meet the requirements and conditions to be established by Ministerial Order.

Any moratorium granted will affect the payment of social security **contributions** and joint collection payments. The **accrual period** for companies runs from **April to June 2020 (payments between May and July)**, and, **for the self-employed, between May and July 2020**, provided that their activity has not been suspended as a result of the state of alarm. This moratorium will not apply to contribution account codes for which companies have obtained exemptions from paying the employer's contribution, or joint collection payments, if the exemption arises from the suspension of contracts and reduction of working hours due to force majeure linked to COVID-19. In other words, **companies that have requested a temporary layoff plan (ERTE) due to COVID-19 will not be able to benefit from this moratorium.**

The General Treasury of Social Security (TGSS) must be notified of the **request** for a moratorium **within the first 10 calendar days of the prescribed payment periods** corresponding to the accrual periods.

2. Debt deferral at 0.5% interest

Companies and self-employed workers included in any Social Security regime, provided that they have no other deferral in force, may apply to defer payment of their Social Security debts with a prescribed payment period between April and June 2020. The terms and conditions set out in the Social Security regulations will apply, with 0.5% interest instead of the rate provided for in Article 23.5 of the Consolidated Text of the General Social Security Act (TRLGSS). The deferral applications must be made within the first ten calendar days of the previously mentioned payment period.

3. Temporary contracts

A special unemployment benefit for termination of a temporary contract will be available to workers whose fixed-term contract (including internships, training, and substitution) of at

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least two months' duration is terminated after the declaration of the state of alarm, and who have not made the necessary contributions to be eligible for any other benefit or compensation.

This special unemployment benefit will be incompatible with any minimum income, inclusion benefit, social wage, or similar aid granted by any public authority, and will consist of a monthly payment of 80% of the current monthly Public Income Index (IPREM), or **EUR 440**, for a period of **one month**, which may be extended if so determined by Royal Decree-law.

This special unemployment benefit for termination of a temporary contract shall be applicable even if the event giving rise to it occurred prior to the coming into force of this Royal Decree-Law, as long as it occurred after the declaration of the state of alarm.

4. Temporary disability in the exceptional situation of total confinement

With effect from the start of the period of confinement, and by means of the corresponding leave note, this exceptional form of protection will be granted to those workers who are required to travel to another town to work and provide an essential service as referred to in Royal Decree-law 10/2020. This is dependent on the following conditions: i) the worker's hometown is subject to confinement and he or she has been expressly denied permission to travel by the competent authority, ii) his or her work cannot be carried out remotely for reasons beyond the control of the worker or the company for which he or she provides services, and iii) the worker is not entitled to receive any other public benefit.

Proof of the confinement agreement in the worker's hometown and the denial of permission to travel will be provided via a certificate issued by that town's council to the relevant body of the public health service. Likewise, the inability to work remotely will be proven by means of a certificate from the company, or a statement of compliance in the case of the self-employed, before the same body of the public health service.

5. Care of children

Benefits for the care of children have been deemed compatible with unemployment or cessation of activity benefits during the state of alarm. Therefore, while the state of alarm is in effect, benefits for the care of children affected by cancer or another serious illness being received by employees as of 14 March 2020 will not be affected by the suspension of contracts or reduction of working hours via a temporary layoff plan (ERTE) linked to COVID-19.

6. Other measures to protect businesses and the self-employed

a) Deferral of loans granted by autonomous communities and local authorities

Measures are also adopted for the exceptional deferral of the repayment schedule for loans granted by autonomous communities and local authorities to businesses and self-employed persons affected by the health crisis. In order to qualify for this exceptional deferral, the



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health crisis caused by COVID-19 or the measures adopted to alleviate it must have led to periods of inactivity, significant reductions in sales, or interruptions in supply in the value chain that make it difficult or impossible to meet the payment obligations.

b) Relaxation of utilities

Various measures have also been put in place to give the self-employed and companies affected by COVID-19 more flexibility when paying basic utilities such as electricity, water, or gas, even including the possibility to suspend payment. The amounts due will be paid within a maximum of six months from the end of the state of alarm.

c) Relaxation of various government activities and processes

The timeframe in which to provide collateral for Secretary-General for Industry, and Small and Medium Enterprises (SGIPYME) loans has been extended. This measure applies to loans pending adjudication as of the coming into force of Royal Decree 462/2000, of 14 March. Provision has also been made for the refinancing of SGIPYME loans.

Furthermore, provision is made for the reimbursement of expenses and the granting of aid for cancelled activities related to the promotion of international trade and other international events. Spain Export and Investment (ICEX) is authorized to refund companies that have incurred non-recoverable expenses in this or future editions of events organised by the entity such as fair participation fees, or other activities related to the promotion of international trade, when these events have been cancelled, seriously affected, or postponed by the organiser as a result of COVID-19.

Finally, as a general rule, repayments and interest payments on loans granted by the Secretary of State for Tourism under the Orders referred to in the EMPRENDETUR programmes has been suspended. This suspension will last for one year, and it is not necessary to request its application.

The team at **Bové Montero y Asociados** continues to work remotely and is at your service to clarify any doubts you may have in this regard, or support you in any way necessary.