

**Urgent measures to support the tourism sector, the hotel industry and trade.**

**Leasing for a different purpose than residential use.**

It is established that, for those cases in which there is a lease for a different use than housing -i.e. the lease of business premises- and the lessor is a public entity or a large holder -a person or company that owns 10 or more properties or one of more than 1,500 square meters-, the lessee may request one of these two measures to be applied -at the lessor's choice-:

- (1) **50% reduction of the rent** for the duration of the state of alarm initiated on October 25 and **up to a maximum of 4 months** from its termination - which should foreseeably be May 9; or
- (2) A **moratorium** on the payment of rent applicable during the state of alarm and a maximum of 4 more months from its termination, **to be returned** during the following **two years**.

It should be noted that:

- a) If there was a previous agreement on the reduction of the rent, only the above mentioned would apply for those months of the state of alarm that had not been agreed any modification;
- b) In case the lessor is not a public entity or a large holder, there is the possibility that the lessee requests an extraordinary postponement in the payment of the rent - complying with certain legal requirements - and having the legal deposit available in a manner agreed upon with the lessor.

**Support measures in the field of employment**

It is foreseen that the companies that have open temporary employment regulation files (ERTE) as a consequence of the state of alarm and/or the impact of the Covid-19 pandemic and with CNAEs 4634, 5610, 5630, 9104 and 9200 (as wholesale trade activities of drinks, restaurants, bars or casinos) will be exonerated from the payment of the business contribution to the Security contribution.



## Tax measures

The tax measures are in turn divided into 4 groups:

### **i. Tax debt deferment**

The postponement of the tax debt derived from all those returns-settlements or self-assessments that must be submitted and paid **during the month of April 2021** is allowed for those entities that are not considered large companies - those with invoicing of more than 6 million Euros - and provided that the debt postponed with the Administration is less than 30,000 Euros.

In addition, a series of obligations are also included which normally cannot be deferred:

- i) "Those corresponding to tax obligations that must be met by the withholder or the person obliged to make payments on account", such as, for example, withholdings from work or those derived from leases.
- ii) "Those derived from taxes that must be legally passed on unless it is duly justified that the payments passed on have not been effectively paid. In this case, it refers to the debt resulting from the application of VAT.
- iii) Fractional payments of Corporate Tax.

**The deferrals granted will be for a period of 6 months, of which the first three will not accrue interest.**

### **ii. Changes in the method of calculating income tax and the simplified VAT system**

It is expected that in the objective estimation method applicable for the calculation of the mentioned taxes for the activity developed in 2020, the net yield will be reduced between 20% and 35% depending on the sector.

In the event that the use of the objective estimation method for calculating income tax for the year 2020 has been waived, it will be permitted to return to its use in the years 2021 and 2022 provided that the legal requirements for its application are met and the direct estimation method is waived in due time. Similarly, it may be waived for the 2021 tax year and reapplied in the 2022 tax year under the same conditions.

The period for waiving its application for 2021 is from December 24, 2020 to January 31, 2021.

### **iii. Tax incentive in the reduction of rental income**

It is foreseen that in certain cases of rental of real estate intended for economic activities, the lessor may deduct in 2021 as an expense in the calculation of the returns on real estate capital any voluntary reduction of the rental income agreed as from March 14, 2020.



By way of example, if, in a lease contract of premises with a start date on 1 January 2020, for a period of 2 years and for a monthly rent of 2,500 euros, the rent for April, May and June is reduced by the Covid to 2,000 euros per month, the lessor may deduct as an expense 1,500 euros in the calculation of the return on real estate capital in 2021.

#### **iv. Deductibility of impairment of credits with insolvent debtors**

Taxpayers of Corporate Tax, Personal Income Tax and Non-Resident Income Tax with a turnover of less than 10 million euros and who obtain income in Spain may be deducted if they comply with some requirements.

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