

Tax measures under Royal Decree Law 15/2020

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Royal Decree Law 15/2020 has introduced new relevant provisions in relation to the following taxes:

- Value Added Tax
- Corporate Tax
- Personal Income Tax

It also comprises new provisions as regards the following procedures:

- Tax procedure: suspension of the enforcement period for tax debts in case of granting of financing
- Extension of the validity period of certain tax procedures

Value Added Tax

- 0% tax rate on medical equipment:

The tax rate is reduced to 0% on supply of goods, imports and intra-Community acquisitions of certain goods for public law entities, clinics, hospital centres, and private charities.

The annex to the Royal Decree-Law contains a list of goods to which this reduction is applicable and includes, among others, medical devices (respirators, ventilators, etc.), monitors, pumps, cases, humidifiers, masks, gloves, face shields, etc.

These transactions will be documented in the relevant invoice as exempt transactions, but will not affect the right to deduct the fees paid.

The reduced tax rate will be in force until 31 July 2020.

- Application of the reduced rate to electronic books:

The rate applicable to electronic books, newspapers and magazines is reduced to 4%, which eliminates the existing discrimination in tax rates between paper and electronic books.

Corporate Tax

- Companies with a turnover of less than 600,000 euros:

For tax periods starting on or after 1 January 2020 and exclusively for that period, taxpayers whose turnover has not exceeded 600,000 euros are allowed to exercise the option to pay payment on account, by making the first payment by the extended deadline of 20 May 2020.

- Companies with a EUR 600K to 6 million turnover:

The possibility of opting extraordinarily for payments on account - calculated on the amount of the taxable base of the preceding months- is extended to taxpayers who meet the following conditions:

- They have not been entitled to the extraordinary option provided for in Royal Decree Law 14/2020, of 14 April.
- Their tax period began on or after 1 January 2020.
- The amount of their turnover has not exceeded 6 million euros during the 12 months prior to 1 January 2020.
- They are not part of a tax group that applies the special consolidation regime.

The option will be exercised by submitting the second instalment payment on account of the settlement to be made in the first 20 calendar days of October.

The payment on account made in April shall be deductible from the amount of the other instalments made for the same tax period.

Personal Income Tax

- Limitation of the temporary effects of the tacit waiver of the objective estimation method in 2020:

Taxpayers who have waived the objective estimation method in the first quarter of 2020 may redetermine the net return on their economic activity by that method in 2021.

To do so, they must meet some requirements and waive the objective estimation method within the statutory period or submit the tax return declaration corresponding to the payment on account for the first quarter of financial year 2021.

- Calculation of the instalments with the objective estimation method:

For taxpayers who determine the net yield of their economic activity through the method of objective estimation, when calculating the amount to be paid in installments, those calendar days falling within the dates included in the declaration of the State of Alarm will not count –for each calendar quarter– as economic activity days.

The same applies to the special simplified VAT regime.

Tax procedure: suspension of the enforcement period for tax debts in the case of granting of financing

As regards self-assessments submitted by the taxpayer without paying the resulting tax debts, the enforcement period will not commence if the following requirements are met:

- The taxpayer has requested the financing established in Article 29 of Royal Decree Law 8/2020, of 17 March, in due time.

- A certificate issued by the relevant financial institution evidencing that the financing application has been made, including the amount and the tax debts involved, must be provided to the tax authorities within 5 days of the end of the deadline for submission of the self-assessment.

- The request for financing is granted, for –at least– the amount of the abovementioned debts.

- The debts are effectively, completely and immediately paid upon the granting of the financing.

Extension of the validity periods for certain tax procedures

Time references made to 30 April and 20 May 2020 in Article 33 of Royal Decree Law 8/2020 of 17 March (tax deadlines for payment of debts under Article 62.2 and 62.5 of the General Taxation Law) and in the eighth (deadline for appeal) and ninth additional provisions of Royal Decree Law 11/2020, of 31 March, shall be understood to have been made to 30 May 2020.

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Marimón Abogados is a law firm founded in 1931 that offers legal services in all areas of law and has offices in Barcelona, Madrid and Seville.

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