

SOCIAL MEASURES ADOPTED BY THE GOVERNMENT UNDER ROYAL DECREE LAW 24/2020

Please find below a description of the social measures adopted by the Government under Royal Decree Law 24/2020 of 26 June 2007 on the reactivation of employment and the protection of self-employed workers at the start or continuation of the economic activity, following the state of alarm.

Labour force adjustment plans (ERTE) based on the grounds of force majeure provided for in Article 22 of Royal Decree 8/2020

As from the publication of this Royal Decree Law, an ERTE can no longer be identified by force majeure on the basis of Article 22 of Royal Decree Law 8/2020. Those already in force shall be valid until 30 September 2020.

As regards the reintegration of workers affected by temporary regulation measures, priority will be given to adjustments in terms of short-time working, in accordance with the needs of the company for the performance of its activity.

Procedures for suspension and adjustment of contracts for economic, technical, organisational and production reasons

For those procedures that were initiated after the entry into force of this Royal Decree and will continue until 30 September 2020, Article 23 of Royal Decree 8/2020 will still be applied, with the following special features:

- These procedures may be initiated during the span of the ERTE due to force majeure.
- Where this file is initiated after the completion of an ERTE for reasons of force majeure, the date of effect shall be retroactive to the end date of the force majeure ERTE.
- All ERTEs for economic, technical, organisational and production reasons which were already initiated when this Royal Decree enters into force shall

continue to apply depending on the terms laid down in the company's final disclosure.

- In those procedures, as well as those of force majeure provided for in the previous paragraph, no overtime may be worked or resumed or converted, or made out directly or through temporary employment agencies, during the period of application of the temporary employment regulation. The only exception would be objective and justified proof that the workers affected by the regulation don't have the appropriate skills or training to occupy a particular post, subject to the requirement of prior notification to the staff representation.

Extraordinary measures on unemployment protection

The unemployment protection measures provided for in Article 25 of Royal Decree Law 8/2020 are applicable until 30 September 2020, which consist of: not requiring a prior deficiency in order to obtain the benefit, not consuming the benefit, and the applicability of the benefit to workers in labour companies and associated work cooperatives, are applicable until 30 September 2020.

In the case of discontinuous permanent employees, the specific rules laid down in Royal Decree Law 8/2020 remain unchanged until 31 December 2020.

Extraordinary contribution measures

The companies concerned by force majeure or economic, technical, organisational and production reasons shall be exempt from the employer's social security contribution, in these terms:

For workers resuming their activity on 1 July 2020, they will be exempt from 60 % of their employer's quota in the months of July, August and September 2020 provided that the company has had fewer than 50 employees as of 29 February 2020; and of 40 % if they had more than 50 employees.

For company workers who continued having their activities suspended as from 1 July 2020, for the periods affected by the suspension, the exemption of the company's share shall be of a 35 % in July, August and September, when the

company has had fewer than 50 employees as of 29 February 2020; and 25 % if it had more than 50 employees.

Limits related to dividend distribution and tax transparency

Companies resident in tax havens are not eligible for temporary employment regulation.

On the other hand, commercial companies or legal persons with a temporary employment regulation, using public resources allocated to them, may not distribute dividends in the tax year in which those files are applied, with the sole exception that they had less than 50 employees as of 29 February 2020.

Safeguarding employment

Maintaining the commitment to maintaining employment for six months, with the added bonus that companies benefiting for the first time from the extraordinary contribution measures, should maintain employment for a period of six months from the entry into force of this Law, that is 27 June 2020.

Extension of the validity, until 30 September 2020, of Articles 2 and 5 of RD 9/2020

Article 2 refers to the fact that force majeure and the technical, economic, organisational and production reasons underlying the measures to suspend contracts and temporary regulation of employment laid down in Articles 22 and 23 of Royal Legislative Decree 8/2020 cannot justify terminations of contracts or dismissals. Article 5 governs the interruption of the maximum duration of fixed-term contracts.

Temporary listings and accompanying temporary measures

Companies which are in a situation of total force majeure, and who have therefore not reincorporated any worker on 30 June 2020, will be exempted from the payment of the contributions corresponding to the company contributions by 70%

in July, 60% in August and 35% in September, provided that they had less than 50 employees as of 29 February 2020. If they had more than 50 employees on that date, the respective percentages are 50%, 40% and 25%.

In the case of companies which, starting on 1 July 2020, have restricted their activities due to the application of new health measures, they shall deal with a new temporary regulation of temporary employment regulations by force majeure for the centre or sites concerned and, once authorised, shall be exempted from 80% of the company contributions during the closure period until 30 September.

If the company had more than 50 employees as of 29 June 2020, the exemption for contributions is 60%. These exemptions are incompatible with those set out in the above-mentioned Article 4 of this Royal Legislative Decree, but they will be subject to all the conditions relating to their administrative management. When they resume their activity, the conditions will be the same as those which will be met by the companies which used temporary regulation of employment under Articles 22 and 23 of Royal Decree-Law 8/2020.

Exemption from contributions for self-employed workers who have received the extraordinary benefit for cessation of activity during the state of alert

Self-employed persons who, on 1 July, are registered in the RETA and/or the RETM and who were the beneficiaries of the extraordinary allowance for the cessation of activity on 30 June, are entitled to an exemption from social security contributions for the period from July to September 2020, in accordance with the following percentages:

- 100 % of the contributions for July.
- 50 % of the contributions for August.
- 25 % of the contributions for September.

Such exemptions shall be maintained during periods when the worker receives benefits for temporary incapacity.

Self-employment severance benefits

Workers who, until 30 June, have received an extraordinary allowance for the cessation of activity may combine the work on a self-employed basis with the cessation of activity provided for in the General Social Security Act and must comply with the requirements laid down by the law itself, as well as:

- Accreditation of a reduction in turnover during the third quarter of 2020 of at least 75% in relation to the turnover of the third quarter of 2019;
- Failure to obtain profits over EUR 5.818,75 in the third quarter of 2020 (to determine entitlement, the monthly allowance shall be calculated on the basis of the net income for the quarter, which may not exceed EUR 1.938,58 per month).

The benefit will be recognised for 1 July if requested before 15 July. All applications from this date will generate the benefit with effect from the following day.

The benefit may be claimed up to 30 September 2020 at the latest.

Recognition of the benefit by the mutual societies shall be provisional and regularised as from 31 January 2021. In this sense, the benefits shall be claimed, that the beneficiaries will exceed the net income stipulated or that they do not prove that the 75 % turnover is reduced in terms of the established terms.

Provision is made for the possibility of waiving the benefit before 31 August or the return on its own initiative of the benefit received where the income or billing is deemed to exceed the prescribed limits.

Termination benefit for seasonal workers

Seasonal workers are those who have worked only in 2018 and 2019 as members of the RETA or the REMAR during the months of March to October, for at least 5 months, without having been registered or assimilated to registration as an employee for a period exceeding 120 days between 1 March 2018 and 1 March 2020.

The allowance to be paid shall be 70% of the minimum contribution basis corresponding to their activity.

The benefit is recognised with effect from 1 June and for a maximum period of four months if applied for before 15 July. All applications from this date will generate the benefit with effect from the following day.

That benefit is incompatible with employment and any social security benefit, with the exception of those which may be compatible with the activity of self-employed persons. However, it is incompatible with work on own account if income received in the course of 2020 exceeds EUR 23.275.

In the same way as in the previous service, their recognition by the mutual societies is of a provisional nature and should be adjusted as from 31 January 2021, in accordance with the tax data from the Ministry of Finance or the self-employed worker himself.

In this case, there is also provision for the possibility of waiving the benefit before 31 August or returning the benefit received on one's own initiative when the income or turnover is deemed to exceed the established limits.

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