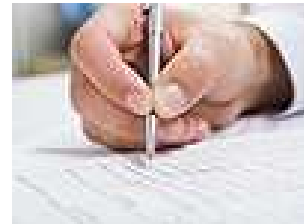


# Royal Decree-Law 6/2010, of April 9 - Measures of Incentive to Spain's Economic Recovery and Employment

**August 2010**

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The Official Bulletin of the State has published, on April 13<sup>th</sup>, 2010, a Royal Decree which passes a series of urgent measures to help elevate the trust in Spain's ability to overcome the effects of the economic crises. It brings reform to many different areas. The most important measures are summarized below:



## **Citizens and Consumers:**

- *Article 15:* Increases thresholds for amounts unavailable for seizures in foreclosure procedures. The new cap is at 110% of the minimum wage and 20% increases for each additional household member without income.

## **Personal Income Tax:**

- *Article 1:* Income Tax deduction of 10% of the amounts spent for housing improvements, up to 4,000 Euros with a maximum of 12,000 Euros per main residence. Must meet the following conditions:
  - Taxable income of less than Euros 53,007.20;
  - Improvements done between the Royal Decree-law effective date and December 31<sup>st</sup>, 2012;
  - The improvements made must relate to energy utilities, water, gas or other utilities, or facilitate the accessibility to a building or house.
- *Article 17:* Tax exemption of up to 1,500 Euros per employee, per year, for amounts paid by companies for the employees' collective public transportation expenses.

## **Businesses:**

- *Articles 4 & 5:* Continuity of the contractual relationship between the Administration and contractors who have filed for bankruptcy, and

continuation of subsidies to companies that have filed for bankruptcy when both have achieved an agreement.

- *Article 12*: Introduces a program of direct financing to SMEs and the self-employed, effective June 15<sup>th</sup>, 2010.
- *Article 9*: In the field of international trade, empowers the “Compañía Española de Seguro de Crédito” to provide coverage - on their own behalf and on behalf of the State- for foreign trade risks.
- *Article 11*: Temporary reduction of fees in the air transport system.

### **Business Tax:**

- *Article 6*: Extension to 2011 and 2012 of the freedom to amortize assets purchased, with service date on 2009, 2010, 2011 and 2012, subject to the maintenance of employment levels.
- *Article 14*: Simplification of documentation requirements for SMEs’ transactions.
  - No documentation requirement for transactions which do not exceed the combined value of 100,000 Euros in any period;
  - For those entities which exceed the limit and therefore have to meet the documentation requirements, maximum penalties must be established when there is no Treasury financial loss;
  - The penalty can never exceed 10% of the transaction’s market value, or 1% of the entity’s turnover.

### **Energy Sector:**

- *Article 19*: Defines the concept of an energy service company and provides for the adoption of a Programme of Voluntary Agreements with energy service companies.
- *Article 20*: Certain aspects of the regulatory framework of public sector contracts are modified to streamline the bidding processes between energy service companies and the government.
- *Article 22*: Defines process to facilitate the securitization of the electricity tariff deficit.
- *Articles 23 & 24*: Creation of operators of system loads, who will provide electricity recharge services for electric vehicle.

## **Value Added Tax (IVA):**

- *Article 2:* Expansion of the concept of “structural restoration” for tax purposes and reduction of the Value Added Tax rate (7%) for improvements and housing restoration made before December 31, 2012.
- *Article 7:* Reduction of the Value Added Tax (IVA) taxable base when the credit for payments made are unrecoverable, and simplification of the requirements to recover tax for non-payments.
  - Bad debt rules have been amended by relaxing the requirements to recover VAT where transactions are unpaid, that is, the deadline has been shortened from one year to six months for small and medium enterprises from the VAT due date of the transaction;
  - Recovery will now be possible if bad debts are under insurance, guarantee or held with Public Entities.
- *Article 16:* Establishment of a super-reduced rate of IVA (4%) applicable to certain services provided to disabled individuals, if specific criteria is met.

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