



Mechanism for Paying the Outstanding Invoices to Suppliers

As from Monday, suppliers are able to sign up to the Government's payment plan for collection in May.

- They have until 22 April to sign up via electronic means and until 20 April to submit a hard copy of the application to the local authority with which they have invoices pending payment
- Local authorities will be able to enter information on new invoices, resulting from the certificates issued, on the first five working days of April and May.

1 April 2012. Monday 2 April is the first day on which suppliers can notify that they wish to receive payment for outstanding invoices through the extraordinary Payment Plan mechanism launched by the Government. There are two ways in which they can do this: Either connect to the Tax Agency's database or, alternatively, go to the local authority with which they have invoices pending payment and carry out the application process on hard copy.

The information the supplier needs to provide when using either of the two channels is the following:

- Current Account Number (provide the Current Account Code or the IBAN and, in the case of international accounts, the BIC).
- The amount of the principal, discounting the deduction, where applicable.

Suppliers have until 22 April, to submit via electronic means and until 20 April to submit a hard copy of the application to take part in the procedure. If they do not do so they will not be able to receive payment via this

channel. The application for individual certification submitted to the local authority by the supplier will imply acceptance on the part of the supplier, to be included in the procedure.

Communication via electronic means

If they choose the electronic option, suppliers will have to go to the Tax Agency web page (www.agenciatributaria.es) and provide their Digital Certificate User ID, issued by one of the certificate issuing authorities accepted by the Tax Agency, for example, their electronic DNI (National Identification Card) and those issued by the Spanish National Mint (Fábrica Nacional de la Moneda y Timbre).

The suppliers will have to provide the NIF (either natural or legal person tax ID number) that is quoted on the invoices issued to the local authorities, which will enable them to access a list of invoices under this NIF and indicate their wish to sign up to the payment procedure, giving details of the bank account into which they wish the payment to be made and the deduction amount, where applicable.

Once they have expressed their wish to voluntarily sign up to the Supplier Payment Plan, the treasury of the respective local authority will exclude said suppliers from any possible ordinary payments.

Submission in-person

Alternatively, although not additionally, suppliers may go to the local authority and submit written communication of their wish to be included in the payment mechanism, providing their NIF, the Current Account Number and the amount of the principal discounting the deduction, where applicable.

If the suppliers choose to submit their application in person, the local authorities will then pass said information to the Tax Agency via electronic means and using a digital signature.

Action to be taken by the local authorities

To do this, representatives of the local authorities must use the certificate corresponding to the NIF of the local authority or the public employee certificate, provided it has been authorised by said local authority. They

will gain access to the list of invoices sent by that local authority and will be able to act as the representative of the suppliers to express said suppliers' wish to be included in the procedure. This certificate will also enable local authorities to correct any potential errors in the invoice details and enter Individual Certificates.

Sending individual certificates issued in April

On the first five working days of April (between 2 and 10 April), local authorities must send, via electronic means and using an electronic signature, the lists of individual certificates requested, those issued and those pending a response. This information should be sent via the Tax Agency application.

In this case they must send the information on the initial certification, that indicated above for any suppliers that communicate their wish to be included in the payment procedure. Furthermore, a field indicating the date the supplier requested the individual certification and another with the details of the certificate requested and issued, or the certificate requested pending a response or the certificate requested and denied.

Correction of errors

Between 23 April and 8 May, local authorities will be able to make amendments to correct errors, give details of any potentially problematic invoices (any problems should be clarified and resolved during this period), those that have been paid by the contractors and those that are subject to seizure or bankruptcy proceedings. The application includes a list of identifiers corresponding to each of these situations.

Sending individual certificates issued in May

On the first five working days of May (between 2 and 8 May), local authorities must send, via electronic means and using an electronic signature, the lists of any additional individual certificates requested, those issued and those pending a response which were not sent in April.

As in the case of certificates submitted in April, they must send the information from the initial certification, that indicated previously for any suppliers who indicate they wish to be included in the payment procedure. Furthermore, a field indicating the date the supplier requested the

individual certification and another with the details of the certificate requested and issued, or the certificate requested pending a response or the certificate requested and denied.

Subsequent transactions

Once the invoices included in phase one of the operation are known, they will be checked against the maximum amount available in the financing mechanism, and where applicable, the priority criteria for obligations pending payment will be applied, based on invoice seasoning, if it is from an SME or if the invoice is subject to legal proceedings.

Once the total sum of the obligations pending payment is known, the Plenary of the local authorities must approve within the established term (the first fortnight of May) the formalisation of the corresponding credit transactions, provided their adjustment plans have been favourably assessed by the Ministry of Finance and Public Administrations.

From this moment, the credit institutions will be able to make transfers to the suppliers included in the above mentioned lists, using the established payment method.