



Provisional Review of the Supplier Payment Plan

## Montoro announces that regional governments have submitted almost four million outstanding invoices totalling 17.255 billion euros

- Invoices have been submitted from 14 regional governments since Galicia, Navarre and the Basque Country have decided not to take part in the payment mechanism
- The regional governments have until the end of April to submit an adjustment plan to the Ministry of Finance

**17 April 2012.** The Minister of Finance and Public Administrations, Cristóbal Montoro, today announced that the 14 Autonomous Regions that have decided to participate in the special finance mechanism for payment of outstanding invoices to suppliers have presented payment obligations totalling 17,255,345,839.26 euros. The Minister added that on the whole, the regional executives have recognised a total of 3,918,986 supplier invoices pending payment.

Galicia, Navarre and the Basque Country are excluded from this list, since they have decided not to participate in the special payment mechanism to suppliers.

Cristóbal Montoro, who published these details after attending the Board Meeting of the CEOE (Spanish Confederation of Employers' Organizations), stated that this figure is provisional since suppliers must now contact their local authority to ensure that invoices issued by them match those that are owed to them, and subsequently state their acceptance in order to take part in this payment procedure.

The regional governments that have sent a list of outstanding invoices, have until the end of April to submit an adjustment plan to the Ministry of Finance and Public Administrations.

Suppliers must go to their local authorities with which they have outstanding invoices to find out if they are included in the list of invoices sent by the local authorities, who are obliged to confirm the situation.

### **Local authority suppliers**

With regards to suppliers of local authorities, all those that wish to receive payment must confirm their intention to participate in the Supplier Payment Plan special mechanism, as this is an essential requirement without which the outstanding amounts will not be paid.

There are two options: Either go to the local authority with which there are outstanding invoices and carry out the application process on hard copy, until Friday 20 April or, alternatively, visit the Tax Agency's website ([www.agenciatributaria.es](http://www.agenciatributaria.es)) until Sunday 22 April.

The information the supplier needs to provide when using either of the two options, is the bank current account number (the CCC or IBAN and, in the case of international accounts, the BIC), as well as the amount of the principal.

### **Boost business activity**

The special payment mechanism, which was initially aimed at local authorities and subsequently extended to regional governments, is an initiative put in place by the Spanish Government in view of the serious economic situation, which has led to an accumulation of delayed invoice payments by public administrations.

The Government believes that this mechanism will be the key to encouraging business activity and to prevent job destruction, as it will give a direct cash injection where it is most needed. This will benefit suppliers of local authorities and regional governments, which will be able to meet their payment obligations more easily. This extra liquidity will allow these companies to continue or to recover their business activities.

The mechanism, which has 35 billion euros of allocated funding for local authorities and regional governments, will allow suppliers to start being paid in May.

This measure will have a direct impact on employment, as it will help to create and maintain up to 100,000 jobs. The Government also plans to change the legislation so that suppliers who enter into contracts with Administrations are the first group to be exempt from VAT payment until their invoices have been paid.