



Speech at the Club Antares in Seville

Montoro: "Shortly SMEs will no longer pay VAT before receiving invoice payments"

- The Minister of Finance announced in Seville the passing of the Small Businesses Act, which will help to increase the number of self-employed workers and SMEs
- The new VAT regime will be optional, meaning that taxpayers will be able to decide which transactions this will and will not be applied to.

20 March 2012. The Minister of Finance and Public Administrations, Cristóbal Montoro, announced today at the Club Antares in Seville the passing of the Small Businesses Act. Among the main new features of the regulation, Montoro emphasised the reform in VAT payment, "meaning that VAT is only to be deposited once invoices have been paid", he said.

This mechanism will start with SMEs and the self-employed who are suppliers of goods and services to the Public Administrations, and it will

be brought in gradually in order to avoid an increase in fraud. "Today I can announce that soon small business will no longer pay VAT before receiving payment for invoices from clients", he said at the round table meeting, under the watchful eye of Andalusian business owners.

The Minister emphasised that this legal change is to start with self-employed and SME suppliers to Public Administrations as there is more information available on these taxpayers in order to set the law in motion. This is a fundamental measure to alleviate the main problem of enterprises and SMEs in general, which is cash-flow. "Despite the serious financial difficulties we are suffering, the Government is committed to

helping business owners, SMEs and the self-employed, who are the ones that will get us out of the crisis as they are the great driving force of economic growth", he said.

Montoro one again pointed out that the Small Businesses Act upholds the Partido Popular's clearly stated commitment, included in its manifesto of the general elections in November. The new VAT regime will be optional, meaning that taxpayers will be able to decide which transactions this will and will not be applied to. The general tax regime will apply to the latter.

The future Small Businesses Act will also include other significant measures like tax incentives for job creation. According to what the Minister said, the main aim is to start creating jobs again and for the GDP to grow as quickly as possible.

Payment of Andalusian suppliers

On the other hand, Montoro highlighted the support given by the Government to SMEs through mechanisms like the macro financial plan to facilitate payment of debts that administrations have with their suppliers, particularly city councils and autonomous regions. He said that it is "a fundamental injection of liquidity into the business fabric, which is going to save a lot of businesses and many jobs. It is the largest cash injection into our economy ever".

According to the first provisional figures, a total of 177,070 suppliers will benefit from the special mechanism for payment of outstanding invoices to suppliers by local authorities in Spain as a whole. Two thirds of them correspond to SMEs and self-employed workers. Specifically, 63,543 are SMEs and 50,259 are self-employed workers.

And Andalusia will be the main autonomous region to benefit from said plan. From national totals, one in every four suppliers (47,090) corresponds to 673 local Andalusian authorities. These figures are provisional as, from now on, suppliers have to go to the local authorities that owe them money so that they can be informed as to whether they are included on the list of invoices sent by the local authorities, which are obliged to help them.

Confidence in overcoming the crisis

The Minister demonstrated his confidence in the country's ability to overcome the crisis if appropriate measures are taken, by which Spain can once again become the leading country in creating jobs in the EU.