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# Indirect Tax Alert

## Spain enacts VAT rate reductions to mitigate impact of COVID-19

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### Executive summary

Spain's *Royal Decree-Law 15-2020, of 21 April, on urgent complementary measures to support the economy and employment* (the Royal Decree-Law), which was published on 22 April 2020 and entered into force on 23 April 2020, has enacted several measures to address and alleviate, from a tax perspective, the effects and impact of the COVID-19 crisis in Spain.

Among others, the Royal Decree-Law foresees the temporary abolition of Value-Added Tax (VAT) with respect to a wide range of sanitary equipment supplies, in line with the European Commission Decision 2020/491 of 3 April, as well as the application of the 4% reduced VAT rate for supplies of electronic books and digital press.

### Detailed discussion

#### **VAT zero rate applicable to certain supplies of sanitary equipment**

In general terms, internal supplies, intra-Community acquisitions and imports of certain health goods and sanitary equipment, where the recipient is a public body, a public or private hospital, or a private charitable entity, which take place in the Spanish VAT territory from 23 April 2020 until 31 July 2020, shall be regarded as VAT zero-rated operations.



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