



Consell de Formentera premiere and regional first minister Francina Armengol met today with representatives of unions, industry groups and the local productive sector to discuss the central government's plan, backed by the Council of Ministers, for direct aid to freelancers and businesses battered by the Covid-19 crisis. Also on hand at the gathering were deputy premiere and commerce chief Ana Juan and finance chief Bartomeu Escandell.

Armengol explained that the recently approved royal legislative decree would create €11 billion in assistance for struggling businesses in the following three areas:

- €3-billion credit restructuring fund backed and managed by the Official Credit Institute (ICO).

- > The Balearic Islands could receive roughly €162M, with €4,760M (5.5% of the total) in a special ICO fund for Balearic businesses. Over 17,800 businesses could be eligible for more than 26,385 aid disbursements.

- A €1-billion recapitalisation fund for medium-sized businesses through public firm Cofides (highly anticipated by medium- and large-sized businesses whose turnover and operating costs are under €25M).

- A €7-billion regionally-administered fund for crisis-hit SMEs and freelancers.

Targetted aid for Balearics and Canaries

The central government has pledged to give the Balearic and Canary Islands regions €2 billion of the €7-billion direct aid package. Based on year-end comparisons of lost social security earnings in 2019 and 2020, the total for the Balearics will top €900 million.

The remaining direct funds will be distributed to other Spanish regions per REACT-EU criteria.

Eligible local businesses

As many as 554 locally-based firms stand to benefit from up to €12.4 million: 300 self-employed islanders, 227 businesses with fewer than ten employees and 27 with more than ten.

The Consell premiere and regional first minister said distribution should reflect the particularities of Formentera and assure that “every business owner and self-employed individual who needs aid can request it”. Ferrer also said the requests should be done “collaboratively with the sector”.

Details of assistance

The money will be available to businesses and freelancers in the hospitality industry; sectors eligible for expanded furloughs based on Royal legislative decree 2/2021, and other particularly hard-hit sectors like commerce- and hospitality-related manufacturing; wholesale and retail trade; transport offshoots; aeronautical maintenance, and businesses specialising in culture and sport.

Roughly one hundred professional activities qualify for assistance, which is designed to cover unaccounted for direct costs and debt between March 2020 and 31 May 2021.

Terms of eligibility:

-Up to €3,000 for self-employed individuals not paying taxes on the simplified “module-based” regime who cannot confirm Covid-related revenue losses.

-For other taxpaying businesses, the tax office will require a minimum 30% revenue loss between 2020 and 2021, offering up to €200,000 based on business category and lost revenue — criteria which Balearic and Canary Islands governments can opt to make more inclusive. Assistance will range from €4,000 to €200,000 per business.

To benefit, businesses cannot be headquartered in a tax haven and must not have filed for bankruptcy. They must be operational when aid is requested and must be current with tax and

social security payments. They cannot distribute dividends or award board member pay rises for two years, and must remain in business until June 2022.

Current moratoria shall extend to 31 December so viable companies in normal market conditions have the legal means to employ staff and continue operating.

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Communications Department
Consell de Formentera