

Summary

Royal Decree 1/2015, of 27 of February, which approves certain measures in connection with bankruptcy, tax matters and social order.

On February 28th, 2015 the Royal Decree 1/2015 of February 27th was published, approving certain measures which concern bankruptcy, tax matters and social order. This regulation controls the employment and the so-called "Second Chances" of natural people.

The main releases introduced by the aforementioned regulation can be summarized as follows:

I. Increased flexibility of out-of-court payments:

The Royal Decree allows for the extension of these agreements to natural people who are not businessmen/women. The effects of these agreements can be extended to privileged dissident creditors.

II. Exemption scheme for liabilities.

The Royal Decree also introduces an exemption scheme for liabilities owing to the bankrupt person's good faith, as long as the person's assets are settled.

In order to apply this exemption scheme, the person must fulfill the following requirements:

- a) To be a good faith debtor, meaning that the person undergoing a bankruptcy procedure must not have been declared guilty, nor have committed any economic crimes.

- b) To have fully satisfied the credits against the State.
- c) To have fully satisfied the privileged credits.
- d) In the case that the debtor has not tried to reach an out-of-court agreement, he/she must satisfy at least 25% of all ordinary credits.

If the debtor is unable to fulfill the credits mentioned above, and as long as he/she submits a payment plan for the following five years, the debtor may be temporarily relieved of his/her credits, with the exception of public credits, food credits, State credits and privileged credits.

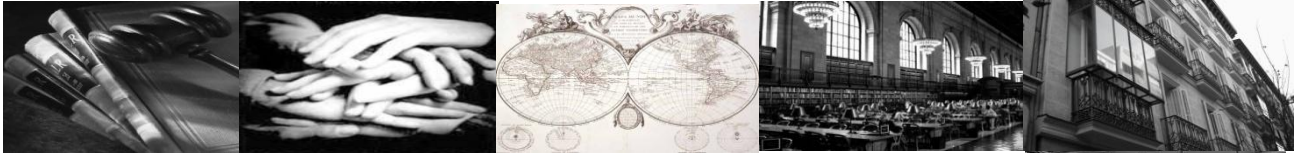
III. Personal Income Tax.

Deductions resulting from family responsibilities, set forth in Article 8.1 bis of the Personal Income Tax Law, are extended to single-parent families.

Incomes that arise as a consequence of write-down debts or "datio in solutio" debts are exempt of taxation, as long as they are judicially approved.

IV. Corporate Income Tax.

Companies whose yearly revenue amount to



€50,000 or less are not compelled to file the Corporate Income Tax liquidation form, provided that the exempted incomes do not exceed €2,000 per year.

V. Employment policies and Social Security.

Aimed to promote undefined-period hiring. The first €500 of the monthly base, corresponding to common contingencies to be paid by the companies, are exempt from the Social Security quotation. In the case of part-time hiring, the exemption will be reduced proportionally with a 50% maximum reduction.

Dependent families, and self-employed individuals with children under 7 years of age, are entitled to a 100% reduction of the Social Security quotation for common contingencies of one year, as long as they hire an employee for a minimum of three months, whether fully or part-time.

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