

# MONTHLY STABILITY TARGET MONITORING 2020

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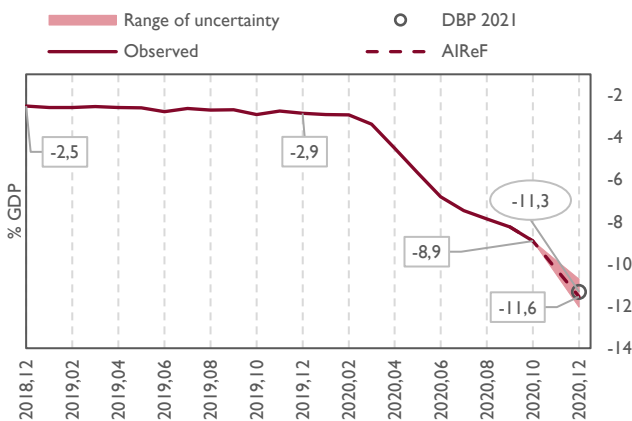
# General Government

AIReF maintains its forecast of a General Government deficit of 11.6% of GDP for 2020 in line with the previous forecast published in the monitoring factsheet of December 3<sup>rd</sup>. With regard to the latest update, AIReF has incorporated the information from the latest published monthly execution of the public accounts and the estimate of the new measures and update of those already approved that will affect the year-end figures for 2020. The result of this revision does not alter the deficit estimate in terms of % of GDP of the General Government or of its sub-sectors, but it does change the distribution between headings. This factsheet includes a section for the Local Government sub-sector with the latest known information and AIReF's estimate for the end of the period.

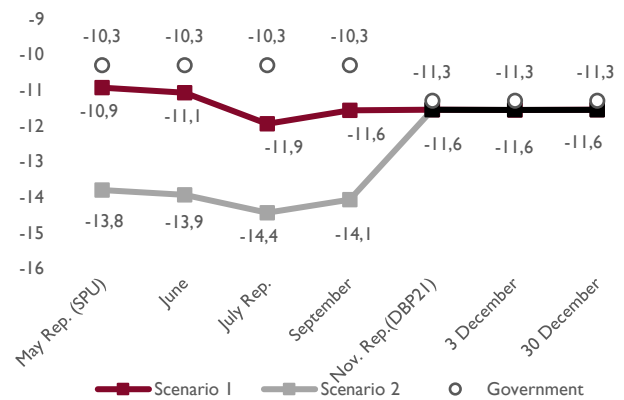
1 AIReF estimates a deficit of 11.6%, 0.3 points higher than that forecast in the Budgetary Plan. The cumulative 12-month execution data already reflect a substantial increase in the deficit.

2 In the process of ongoing assessment of the budget cycle, AIReF once again updates its forecasts, maintaining its previous deficit estimate.

**GG deficit (% GDP)**



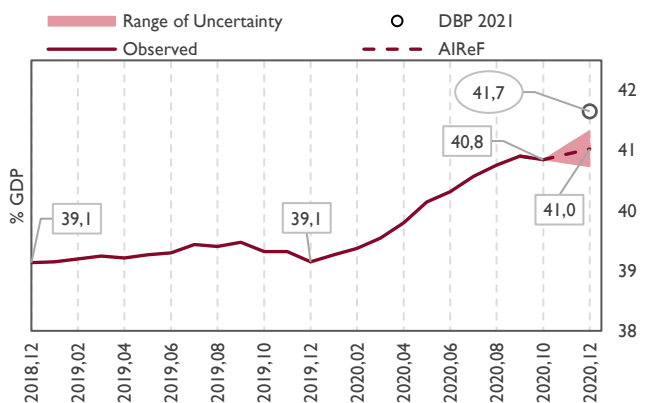
**Updated estimated GG deficit (% GDP) (AIReF)**



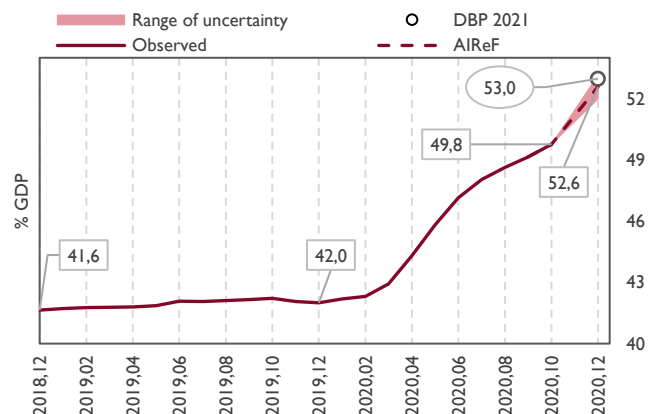
3 In cumulative 12-month terms, there is a sharp increase in revenue as a proportion of GDP, which is expected to stabilise at around 41% at the end of 2020. This change is the result of a lower fall in revenue than the fall in nominal GDP.

4 Expenditure is forecast to continue along its upward path to reach 52.6% of GDP. Although AIReF's expenditure estimate is aligned with that of the Budgetary Plan in nominal terms, it is lower in weight of GDP as a result of the lower expected fall in GDP in 2020.

**GG revenue (% GDP)**

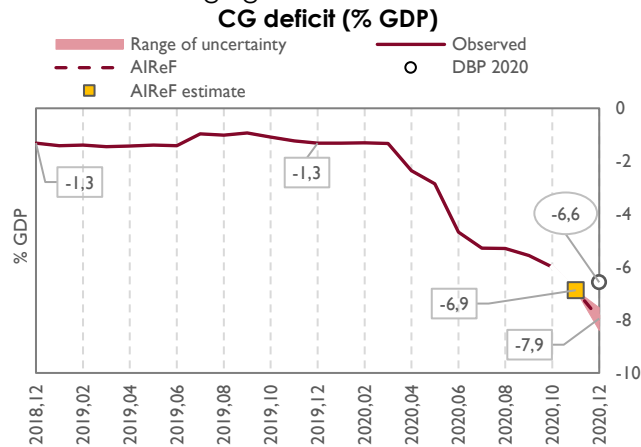


**GG expenditure (% GDP)**

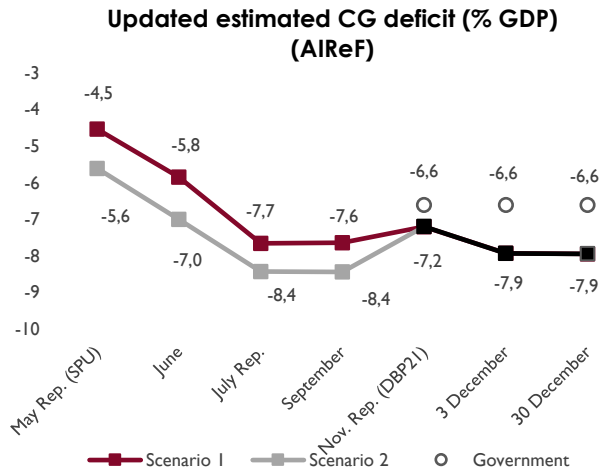


# Central Government

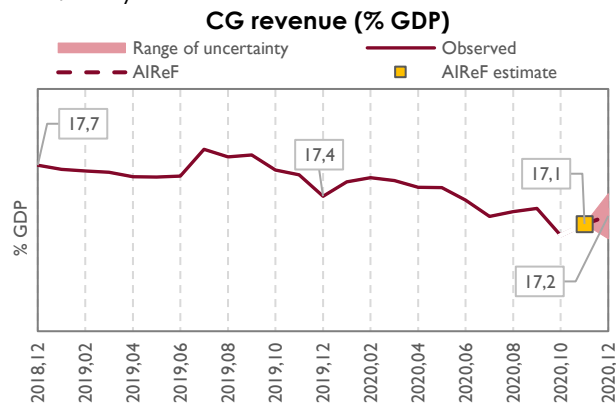
1 AIRcF estimates that the CG deficit will reach 7.9% of GDP, moving away from the government's forecast of 6.6%. The CG continues to take on part of the worsening figures of the other sub-sectors.



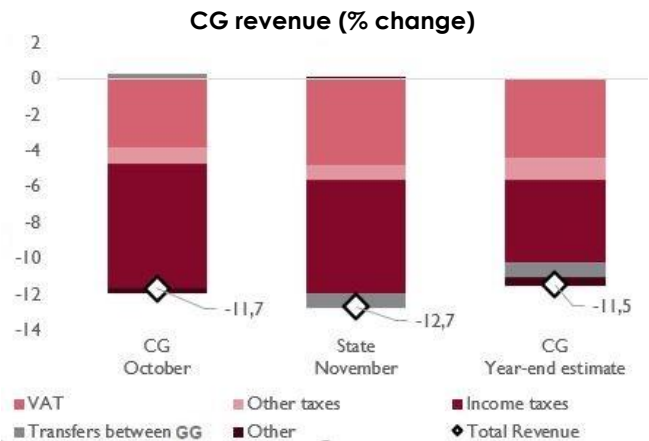
2 The CG deficit forecast remains the same as in the previous monitoring factsheet published at the start of December.



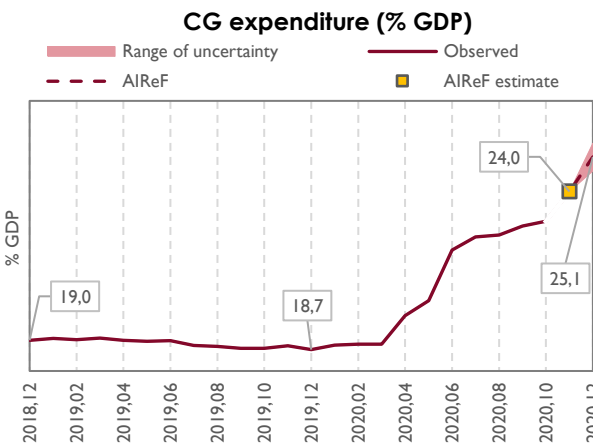
3 The weight of the annualised variable of revenue over GDP for November rises compared with the previous month. The weight of revenue as a proportion of GDP is expected to improve to 17.2% at year-end 2020.



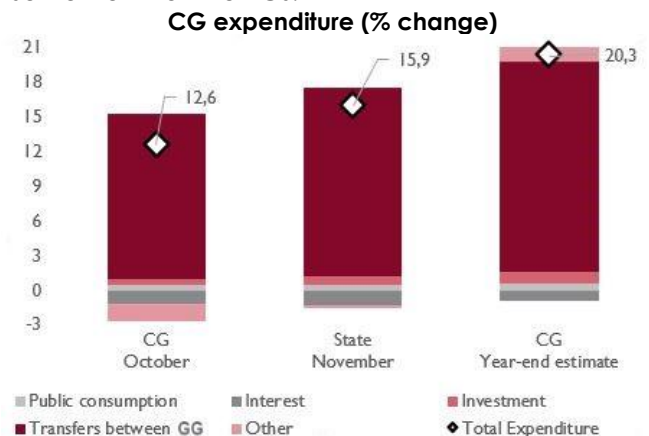
4 The information for November from the State shows the worsening of revenue compared with 2019. At year-end, a fall of 11.5% on 2019 is expected.



5 The forecast for expenditure rises to 25.1% of GDP. With regard to the previous forecast, AIRcF has revised downwards the interest expenditure and increased other expenditure, such as subsidies and current and capital transfers.



6 November reflects the increase in transfers made to the SSFs and to the ARs for a combined amount of €11.3bn. A further increase is expected in December for the last tranche of the COVID-19 Fund, new transfers to the SSFs and the 2018 settlement for the LGs.



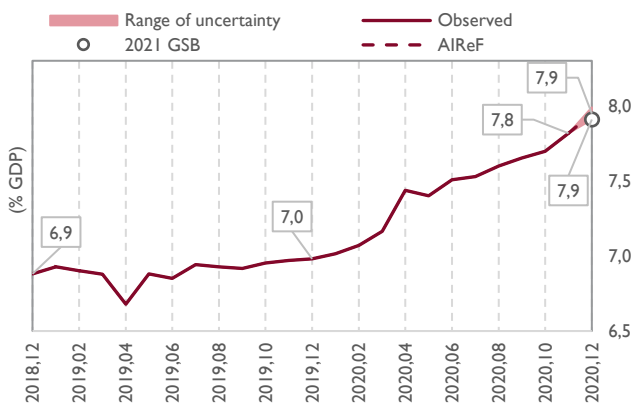
## Main revenue items

Tax collection for November was 4.2% higher than in the same period of 2019. This was essentially the result of revenue from deferrals granted to mitigate the effects of the pandemic. With only one month left until the end of the year, tax revenue in the year to date has fallen by 9% compared with the figure for 2019, showing a recovery in cumulative figures as from May. By tax category, collection is lower than that recorded in 2019 for all taxes except for Personal Income Tax. The revenue projection made by AIReF for 2020 is unchanged as this behaviour is included within its forecasts.

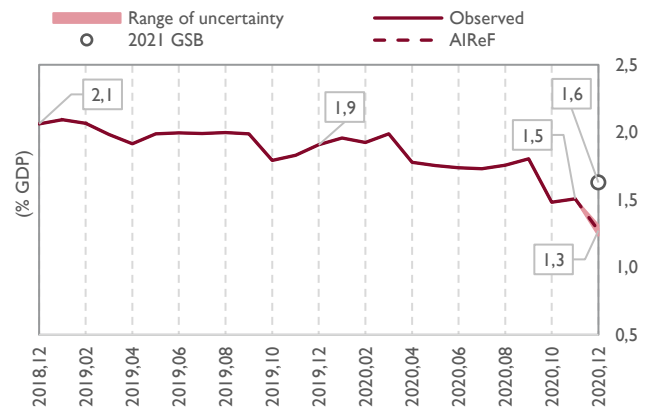
❶ AIReF forecasts for 2020 growth of 0.9 points in PIT as a proportion of GDP. In November, deferrals from April and May and the second instalment of the 2019 return have been received, placing tax collection so far this year at 1% above the figure for 2019. The rate of tax refunds is lower than in the previous year. If they are deducted, gross growth stands at 0.2%.

❷ For CIT, AIReF forecasts a decrease in its weight as a percentage of GDP in 2020 of 0.6 percentage points. There was no significant revenue from this tax in November and collection so far this year has fallen by 35.4%, a very similar figure to that recorded up to October (-36%).

**PIT IN CASH (% GDP)**



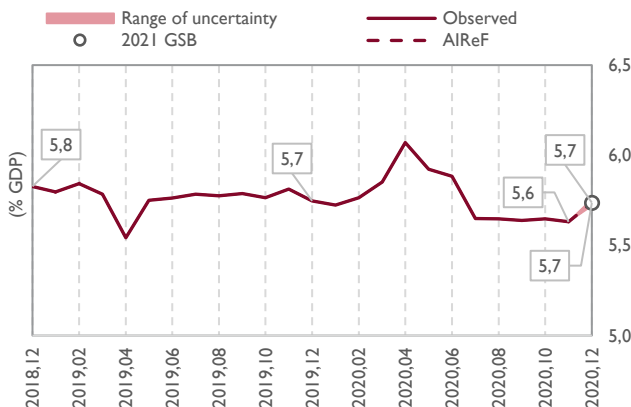
**CIT IN CASH (%GDP)**



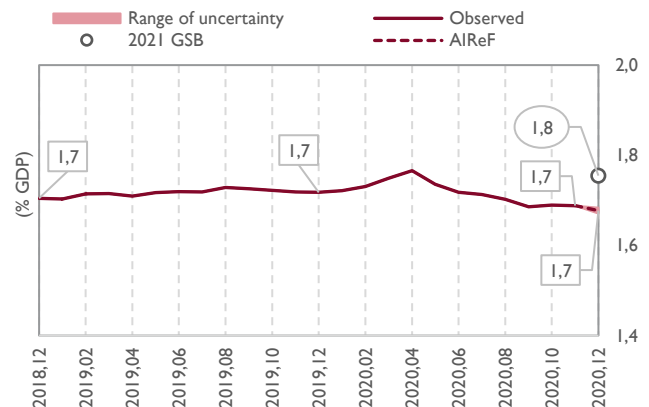
❸ VAT maintains its weight compared with 2019. Until November, it shows a cumulative fall of 12.1%, slightly lower than that of October (-12.6%). Although gross revenue grew by 5.1% in this month due to the revenue from deferrals granted in the months of lockdown, there was also an increase in the execution of refunds, leading to a year-on-year fall in net revenue of 5.4%.

❹ Special taxes as a whole maintain their weight as a proportion of GDP, although with an evolution lower than that of economic activity. Special taxes fell by 10.6% in November compared with the same month of the previous year, a sharper fall than that recorded in October (-6.4%), although in line with the cumulative revenue for the year, which is 12.2% down on the figure for 2019.

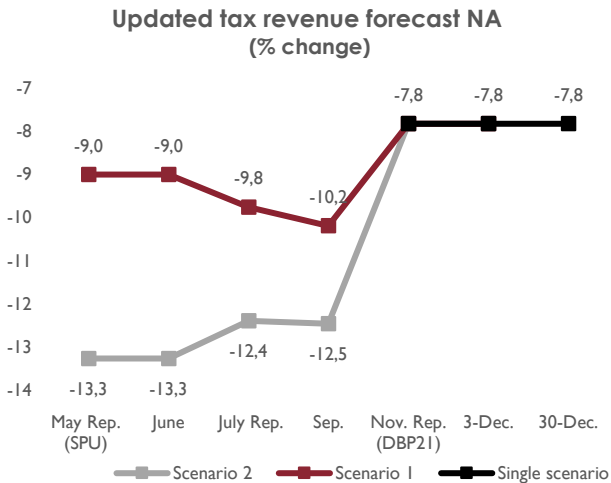
**VAT IN CASH (% GDP)**



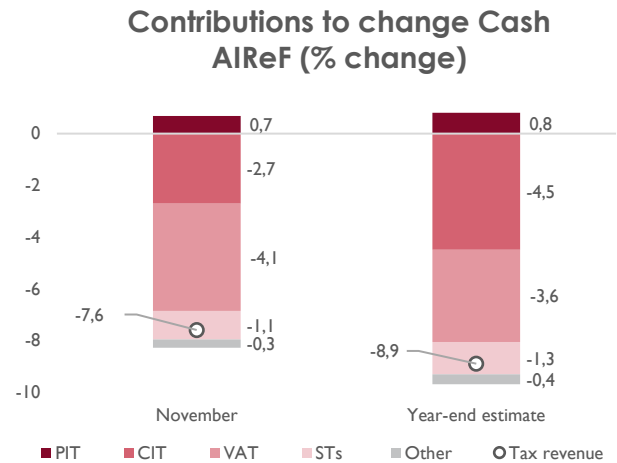
**SPECIAL TAXES IN CASH (% GDP)**



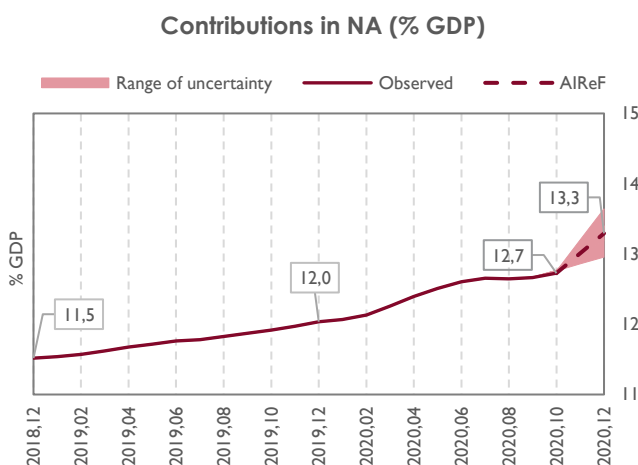
5 AIReF forecasts tax revenue in national accounting terms to be 7.8% lower in 2020 than in the previous year. After analysing the tax collection information up to November and incorporating the sums accrued up to the third quarter of the year, the forecast given in the November report (DBP21) is maintained.



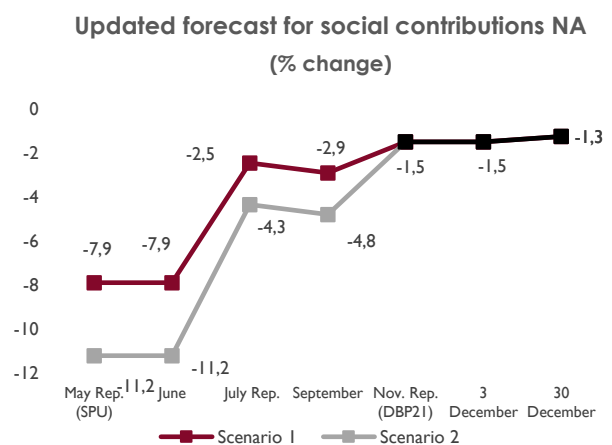
6 The 12-month cumulative total tax revenue up to November reflects a fall of 7.6%. This is a larger fall than in previous periods as lower monthly collections than the previous year are progressively incorporated. For the end of the year, AIReF forecasts a drop in tax collection of 8.9% compared with the previous year, with CIT and VAT being the taxes that will contribute most to this fall.



7 Since April, the fall in employment has had a negative impact on **contributions**, but this effect has been offset by the fall in GDP. In addition, the subsidies received for the tax exemptions from contributions provided for in the ERTES (job retention schemes) and the cessation of activity measures mean that the weight as a proportion of GDP not only does not decrease, but rather rises this year. The aggregate is expected to increase its weight over GDP to 13.3% in the rest of the year.



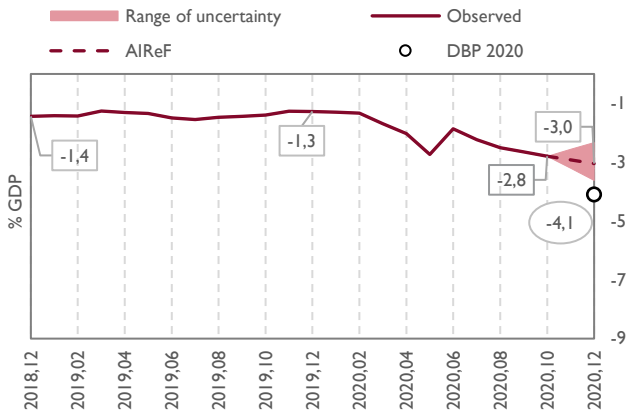
8 National accounting data show a more positive evolution of contributions than previous estimates. Compared with the start of the crisis, the main change is due to the fact that contribution exemption measures were initially considered to imply a reduction in contributions. In July, it was found that they are counted as an increase in subsidies. Since that estimate, the improvement in the evolution of the aggregate is due to a more favourable evolution of the compensation of employees than that estimated in July. In this last estimate, the rate improves by 0.2 points as a result of the adjustment of the cost of exemptions from contributions.



## Social Security Funds

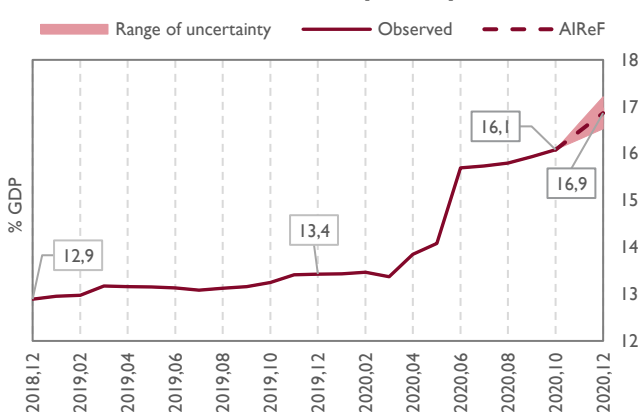
1 AIRcF estimates a SSFs deficit of -3% of GDP. The impact of the fall in economic activity and of the measures taken is partially offset by the transfers from the CG. However, expenditure is expected to rise in the rest of the year, which will push the balance down.

SSFs deficit (% GDP)



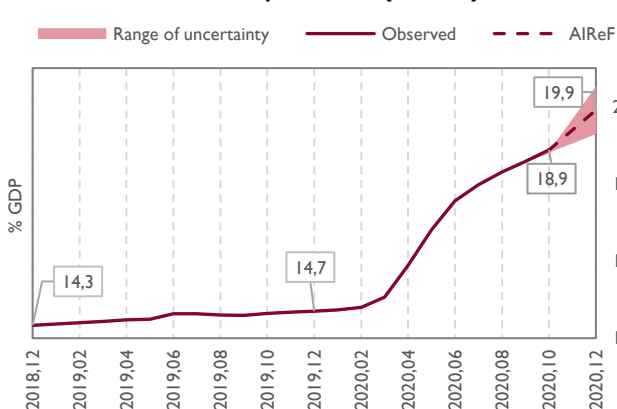
3 The weight of the revenue rose in June as a result of the transfers from the CG. It is expected to continue increasing, from 16.1% to 16.9% at the end of the year, as a result of the effect of the transfers.

SSFs revenue (% GDP)



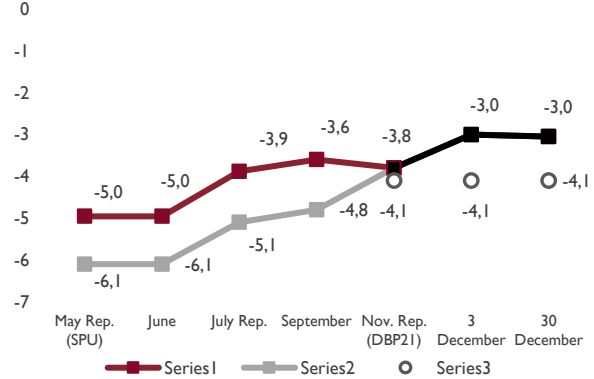
5 Expenditure is expected to continue increasing to end the year at 19.9% of GDP, driven by the effect of the prolongation of the measures to combat the crisis.

SSFs expenditure (% GDP)



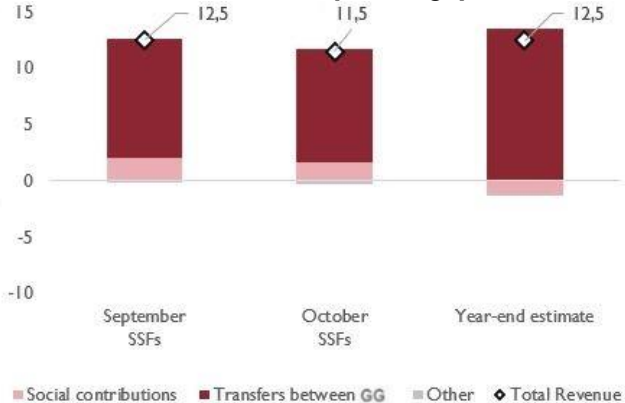
2 The balance is currently 1.1 points more positive than that estimated in the Budgetary Plan due to the new transfers made from the CG.

Updated estimated SSFs deficit



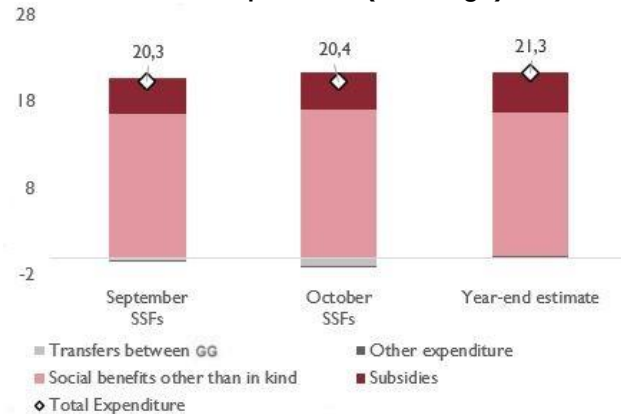
4 The NA data capture the increase in transfers almost entirely. AIRcF expects contributions to fall compared with the previous year, which will reduce the final rate of change in revenue.

SSFs revenue (% change)



6 The October data already show both the increase in benefits and the increase in subsidies. A slightly higher SSF increase is expected at year-end.

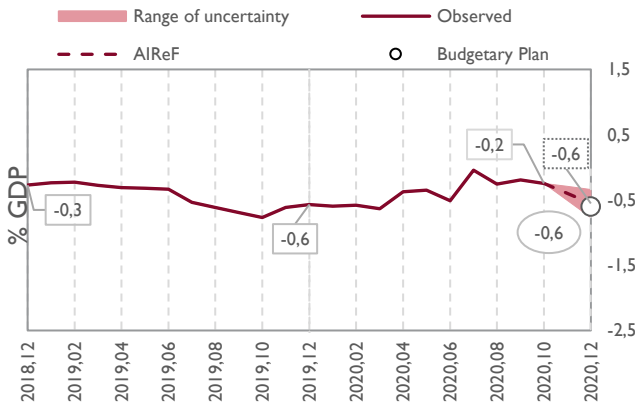
SSFs expenditure (% change)



## Autonomous Regions

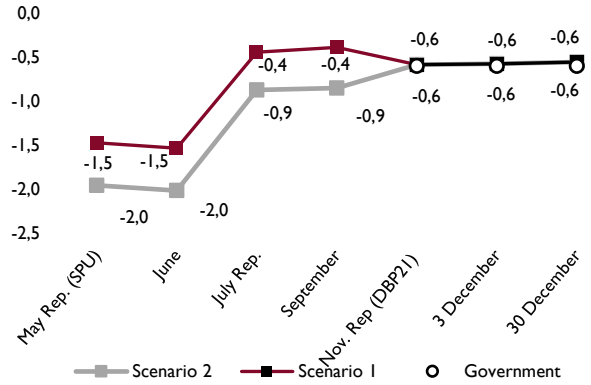
**1** AIReF maintains its forecast of a deficit of 0.6% of GDP for the Autonomous Regions, with a COVID impact of 1.8%, with 1.4% offset by transfers from the COVID-19 Fund.

**Autonomous Regions' deficit (% GDP)**



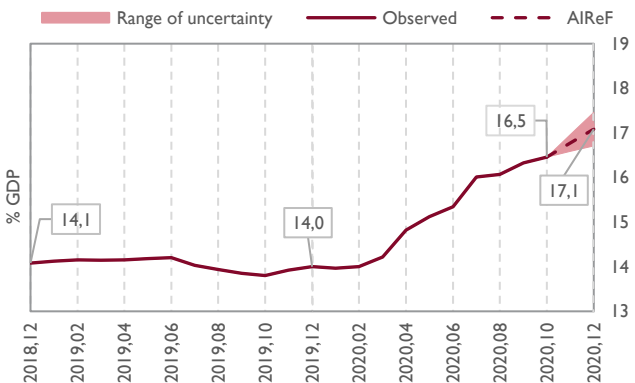
**2** The current forecasts maintain the previous estimate and incorporate the execution data and additional information to date provided by the Autonomous Regions on the COVID impact.

**Updated estimated Autonomous Regions' deficit**



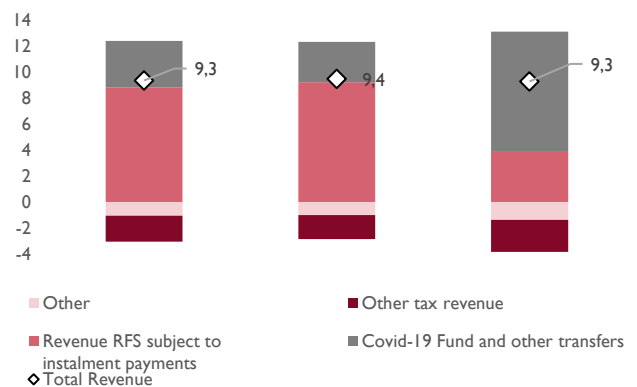
**3** In the following months, State transfers will increase as a result of the remaining tranches of the COVID-19 Fund, with revenue rising to 17.1% of GDP.

**Autonomous Regions' revenue (% GDP)**



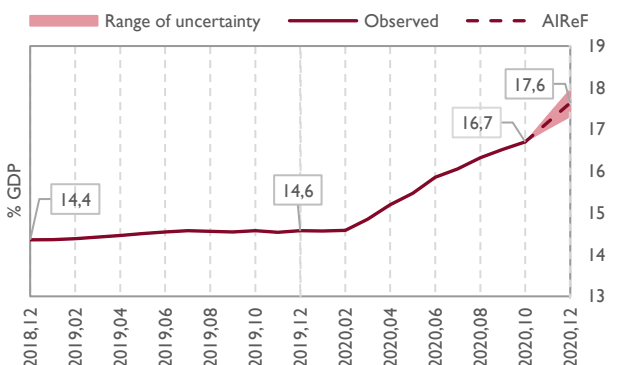
**4** At year-end, the weight of other State transfers for tranches 3 and 4 of the COVID-19 fund will rise, while the fall of other revenue will become larger.

**Autonomous Regions' revenue (% change)**



**5** Expenditure maintains its sharp increase, which is accentuated towards the end of the year mainly as a result of health and education spending, up to a proportion of 17.6% of GDP.

**Autonomous Regions' expenditure (% GDP)**



**6** The increase in public consumption that has been noted (concentrated in the social, health and education areas) will be more accentuated at the end of the year, accompanied by an increase in investments of this type.

**Autonomous Regions' expenditure (% change)**



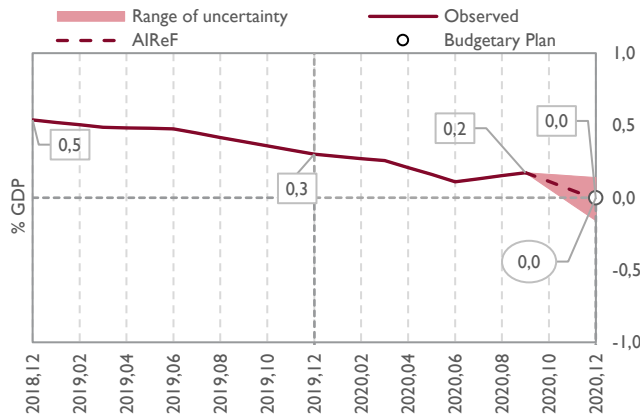


# Local Governments

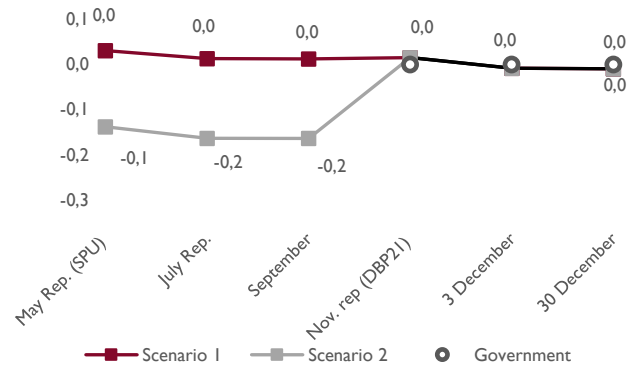
1 AIRcF maintains its year-end 2020 forecast at close to equilibrium due to the negative effect of the pandemic on both revenue and expenditure.

2 The current forecasts maintain the previous estimate, incorporating the execution data for the sub-sector to the third quarter of the year.

**LG deficit (% GDP)**

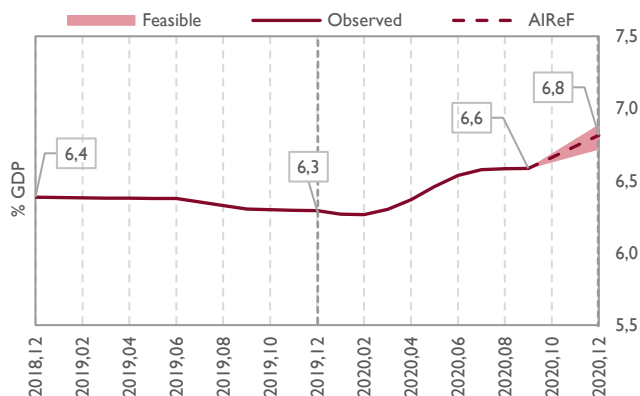


**Updated estimated LG deficit**



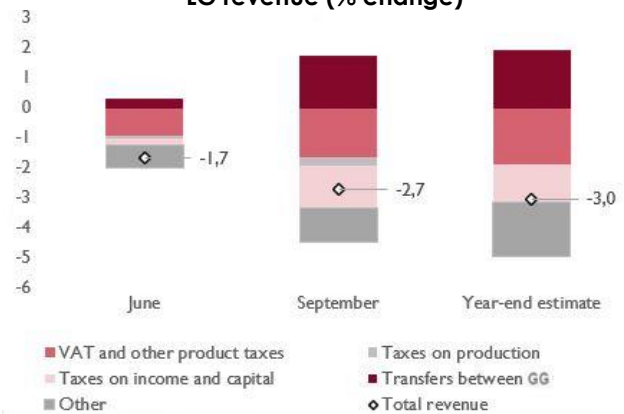
3 In the following months, local revenue continues to fall. However, its weight over GDP rises due to the greater decrease in GDP.

**LG revenue (% GDP)**



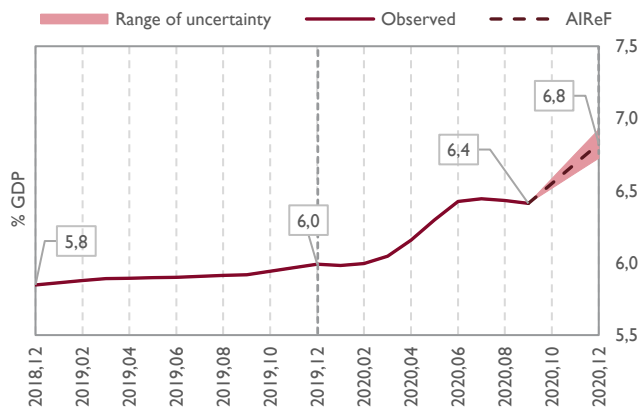
4 At the end of 2020, the fall in revenue, mainly from the taxes of the Provincial Councils, stabilises, and transfers from the State through the financing system (positive settlement of 2018) increases.

**LG revenue (% change)**



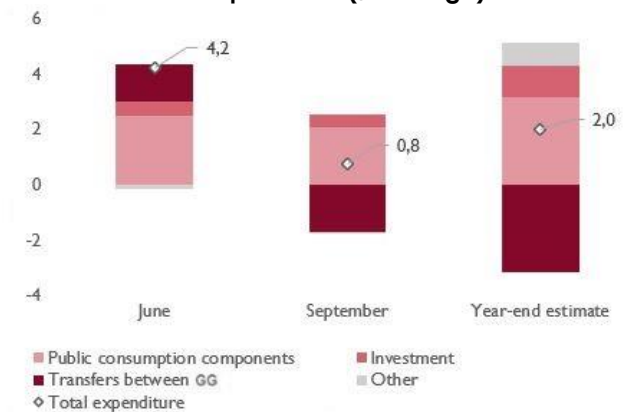
5 The increase in local expenditure will be maintained, with their proportion in relation to GDP rising due to the combined effect of the increase as a result of COVID-19 and the fall in GDP.

**LG expenditure (% GDP)**



6 The increase in expenditure will be more pronounced at year-end as a result of the increase in the components of public consumption and investment, partly offset by the greater reduction in transfers of the Provincial Councils.

**LG expenditure (% change)**





## Summary of measures

The measures approved to date entail an estimated cost to the public accounts of 4.3% of GDP in 2020. Since the previous monitoring factsheet, the impact of the measures has been updated.

Impact of the measures (sign + = greater deficit)		Government		AIReF ESTIMATE		Government- AIReF differences
		2020				
		Millions	% GDP	Millions	% GDP	Millions
<b>Central Government</b>		<b>2,346</b>	<b>0.2</b>	<b>2,616</b>	<b>0.2</b>	<b>-270</b>
<b>Expenditure measures</b>		<b>2,083</b>	<b>0.2</b>	<b>2,083</b>	<b>0.2</b>	<b>0</b>
	Healthcare expenditure	1,317	0.1	1,317	0.1	0
	Social expenditure measures	147	0.0	147	0.0	0
	Other expenditure measures	619	0.1	619	0.1	0
<b>Tax measures</b>		<b>263</b>	<b>0.0</b>	<b>533</b>	<b>0.0</b>	<b>-270</b>
	VAT reduction in rates for COVID-19 medical supplies, e-books and disposable face masks			381	0.0	
	Corporate Income Tax Instalment payments SMEs			72	0.0	
	Waiver of the Personal Income Tax Objective Estimation Regime and the Simplified and Special Agriculture VAT Regime	263	0.0	6	0.0	
	Proportional reduction in Objective Estimation for the days in the State of Alarm			74	0.0	
<b>SSF</b>		<b>35,973</b>	<b>3.3</b>	<b>31,129</b>	<b>2.8</b>	<b>4,844</b>
Job Retention Schemes (ERTE)	Contributory unemployment benefit	17,840	1.6	14,771	1.3	3,069
	Exemption from contribution	6,349	0.6	6,265	0.6	84
Self-employed persons	Benefit for cessation of activity	5,339	0.5	4,956	0.4	383
	Exemption from contribution	2,708	0.2	2,471	0.2	237
	Temporary incapacity for work	1,355	0.1	2,108	0.2	-753
	Other measures	882	0.2	66	0.0	816
	Minimum Living Income	1,500	3.3	492	0.0	1,008
<b>Autonomous Regions</b>		<b>2,300</b>	<b>0.2</b>	<b>11,584</b>	<b>1.0</b>	<b>-9,284</b>
	Regional revenue measures (without transfers from CSA)	490	0.0	567	0.1	-77
	Non-healthcare regional expenditure measures (without transfers to LGs)	1,810	0.2	3,813	0.3	-2,003
	Healthcare expenditure measures AR		0.0	7,204	0.6	-7,204
<b>LG</b>		<b>388</b>	<b>0.0</b>	<b>2,959</b>	<b>0.3</b>	<b>-2,572</b>
	LG revenue measures (without transfers from CSA & ARs)	0	0.0	1,255	0.1	-1,255
	Expenditure measures LG	388	0.0	1,705	0.2	-1,317
<b>TOTAL MEASURES</b>		<b>41,007</b>	<b>3.7</b>	<b>48,288</b>	<b>4.3</b>	<b>-7,282</b>

## Annex: Measures

### Revenue measures of the Central Government

RD Law	Art.	DESCRIPTION OF THE MEASURE	IMPACT ON DEFICIT	GOVERNMENT	AIReF ESTIMATE
				2020	
7	14	Relaxation of the requirements for deferral of tax debts up to a period of six months for those taxpayers with a volume of transactions not exceeding €6m in 2019	NO	9	
8	33	Extension until 30 April of the payment deadline for tax debts already filed and notified and until 20 May for those notified as from entry into force of the RD Law	NO		
11	41	Suspension of payment of interest and instalments of EMPRENDETUR loans granted by SET	NO	0.74	0.74
11	52	Deferral of debts resulting from customs declarations: Deferral of payment of customs and tax debt corresponding to customs declarations filed up to 30 May 2020, provided that the amount of debt to be deferred is over €100.	NO	2.7	
14	1	Extension to 20 May of the term for filing and paying self-assessments due from the entry into force of the RD Law for taxpayers with a volume of transactions not exceeding €600,000 in 2019	NO		
15	8	<b>VAT</b> Freedom to change payment category and non-calculation of the days of the State of Alarm in the simplified regime, zero rate for purchases of healthcare products and disposable face masks.	YES	119	437
15	9	<b>Corporate Income Tax</b> Freedom to change the method of payment in instalments	YES	90	72
15	10	<b>Personal Income Tax</b> Freedom to change the method of payment in instalments and non-calculation of days of the State of Alarm in modules	YES	49	42
<b>TOTAL REVENUE MEASURES</b>				<b>270</b>	<b>552</b>

## Central Government expenditure measures

RD Law	Art.	DESCRIPTION OF THE MEASURE	IMPACT ON DEFICIT	GOVERNMENT	AIRcF ESTIMATE
				2020	
<b>Strengthening measures in the field of health</b>					
7	1	Extraordinary credit for the Ministry of Health to deal with the National Health System's extraordinary expenditure	YES	1,400	1,400
7	2 to 6	Updating Autonomous Regions' interim payments to boost the availability of resources to meet the immediate needs of their healthcare systems	YES	2,867	770
8	36	Exceptional employment measures in the field of public entities that are part of the Spanish System of Science, Technology and Innovation	YES	0.77	0.77
8	37	Extraordinary credit in the Ministry of Science and Innovation budget in relation to scientific research on COVID-19. Aimed at Carlos III Health Institute and the CSIC (Spanish National Research Council)	YES	29.65	29.65
11	AP1	Extension of employment contracts signed through financing of public calls for human resources in the field of research and the integration of hired staff in the National Health System	YES	22	22
ACM 12 March		Extraordinary credit and credit supplements in the Ministry of Health budget to finance the needs caused by the COVID-19-related public health emergency in Spain	YES	19	19
ACM 8 Sept		Support for business innovation in the search for solutions to the pandemic (CDTI - Centre for the Development of Industrial Technology)	YES	12	12
<b>Support measures for workers, families and vulnerable groups</b>					
7	8 and 9	Credit supplement to finance Autonomous Regions' social service programmes.	YES	25	25
8	1	Credit supplement to finance an Extraordinary Social Fund aimed exclusively at dealing with the social consequences of COVID-19	YES	300	300
8	3	LGs' surplus in 2019 may be used for investment expenditure	YES	300	300
8	34	Compensation for the suspension of public contracts as a result of COVID-19	YES	8	8
11	10	Rent support for tenants of habitual residences who have temporary problems in paying all or part of their rent due to COVID and are vulnerable. Up to €900 a month	YES	300.7	0
11	13	Authorisation to transfer funds to the Autonomous Regions and Ceuta and Melilla in advance for 2020 and 2021 to execute the 2018-21 State Housing Plan	YES	346.6	0
11		Additional State financial contribution to the 2018-2021 State Housing Plan	YES	100	100
11		Aid programme for victims of gender-based violence	YES	50	50

11	40	Refund on behalf of Spanish Institute for External Trade (ICEX) of expenditure and granting of support for the cancellation of activities to promote international trade and other international events	YES	4.5	4.5
11	44	Suspension of electricity, natural gas and petroleum products bills during the State of Alarm. For the self-employed and companies.	YES	58	58
11		CERSA contribution to finance COVID-19 guarantee line for SMEs	YES	60	60
11	46	Aid to compensate part of DTT costs	YES	15	15
11	AP1	Extension of university contracts	YES	3.4	3.4
11	AP19	Plans to expedite justice in the commercial, contentious and social sphere once the State of Alarm has ended	YES	25	25
12		Institutional campaigns to prevent gender-based violence during the State of Alarm	YES	2	2
15	AP1	Extension of predoctoral contracts for research staff	YES	0.4	0.4
15	4th TP	Provisions applicable to certain university loans	YES	1.5	1.5
17	1	Direct grants to <i>Sociedad Recíproca Audiovisual Fianzas</i> to boost financing for the cultural sector	YES	20	20
17	3	Extraordinary support for the performing arts and music	YES	38	38
17	11	Direct grants for cinema owners. Extraordinary social fund	YES	13.3	13.3
17	12-13	Extraordinary support system for the Spanish contemporary art and book sector	YES	5.8	5.8
19	10	Transfer to Social Security to balance the impact of COVID-19	YES	14,002	14,002
20	32	Transfer to Social Security to finance Minimum Living Income (*)	YES	500	492
ACM 9 June		Wine sector measures	YES	91	91
ACM 16 June		MOVES II programme for efficient and sustainable mobility	YES	100	100
22		COVID-19 Fund	YES	16,000	16,000
		Transfer Autonomous Regions to take on part of the deficit			
ACM 7 July		Tourism Reactivation Plan (preparation of guides, training and promotion)	YES	62	62
ACM 7 July		Tourism Reactivation Plan (tourist equipment and tourist intelligence systems)	YES	20	20
25	10	Tourist Destinations Sustainability Plan (support for investing in improving destinations)	YES	22	22
ACM 7 July		12-month extension on paying the mortgage principal on assets in the tourism sector for self-employed people and companies and for operations entered into before the SoA	NO		
ACM 7 July		Moratorium on leasing fees for occasional transport buses in the tourism sector	NO		

25	7	Moratorium on the leasing of real estate related to tourist activity	NO		
25	38	Plan RENOVE 2020 subsidies for car purchases	YES	250	250
<b>ACM 21 July</b>		Increase in scholarships for the 2020-21 school year	YES	97	97
<b>ACM 27 July</b>		Action Plan for vocational training and employability	YES	266	266
26	18	Temporary moratorium on payment of the principal in instalments of loan contracts, leasing and renting of vehicles used for public transport in financial difficulties due to COVID-19	NO		
26	8th FP	Extension of the Social Bonus to September 30 <sup>th</sup> for the beneficiaries who are due to receive it before that date	NO		
26	9th FP	Extraordinary extension for a maximum of six months of leases of habitual residence for those that expire up to September 30 <sup>th</sup>	NO		
26	9th FP	Guaranteed supply of electricity, petroleum products, natural gas and water until September 30 <sup>th</sup> for consumers in their habitual residence	NO		
		Purchase of mechanical ventilators	YES	98	98
		Subsidies under Personalised Medicine Strategy	YES	26	26
34	8	Credit supplement to the Ministry of Inclusion, Social Security and Migration to balance the Social Security accounts following the impact of the pandemic	YES	6,000	6,000
34	9	Extraordinary credit to the State Public Employment Service (Spanish acronym: SEPE) due to the higher expenditure on contributory benefits and unemployment	YES	2,300	2,300
<b>TOTAL EXPENDITURE MEASURES</b>				<b>45861</b>	<b>43109</b>

(\*) AIRcF has estimated the annual cost of the benefit, which is around €3 billion. According to Social Security data, fewer applications were approved in 2020 than initially estimated. Consequently, AIRcF has estimated the cost of the measure this year at €500m (a slightly higher cost than the €400m that appears assigned for this item in the budget). Added to this cost are still the Social Security estimates of the cost of employment incentives (included in the MAIN). This figure is then reduced by the savings estimated by the SS from assimilating the benefit for dependent children under 18 years of age. In its latest estimate, this resulted in a reduction from an estimated €290m in the MAIN to €108m for 2020. The total cost will be €492m.

## Central Government liquidity measures

RD Law	Art.	DESCRIPTION OF THE MEASURE	IMPACT ON DEFICIT	GOVERNMENT	AIReF ESTIMATE
				2020	
7	12 and AP 1	200m expansion of ICO's Thomas Cook financing facility to serve all companies established in Spain included in certain economic sectors and of the Ministry of Industry, Commerce and Tourism guarantee regarding 50% of the drawn down credit. Additional 100m ministerial guarantee	NO	200	200
8	29	Line of guarantees from the Ministry of Economic Affairs and Digital Transformation for companies and the self-employed to mitigate the economic effects of COVID-19	NO	100,000	100,000
8	31	Extraordinary insurance coverage line for exporting SMEs from the Reserve Fund for Internationalisation	NO	2,000	2,000
8	Annex RDL 8	ICO (Official Credit Institute) financing for the purchase and leasing of equipment and services for the digitisation of SMEs and remote working solutions (PLAN ACELERA)	NO	200	200
11	9	ICO guarantee line for State coverage of financing to tenants in a vulnerable situation	NO	1,200	1,200
11	AP1	CERSA COVID-19 line of guarantees	NO	1,000	1,000
17	1	Lines of financing for companies in the cultural sector	NO	780	780
19	4	Authorisation to grant EC guarantees under the European Instrument for Temporary Support to mitigate unemployment risks in an emergency (SURE instrument)	NO	2,253	2,253
ACM 7 July		ICO/AENA guarantees for the tourism sector 2020-2021	NO	3,256	3,256
ACM 7 July		FOCIT (Financial Fund for Tourist Competitiveness) loans for competitiveness and sustainable transformation of tourism	NO	515	515
21		Guarantee for EIB financing operations through the Pan-European Guarantee Fund	NO	2,817	2,817
25	11	Financing of tourism digitisation, innovation and internationalisation projects	NO	216	216
25	1	Line of guarantees for financing investments of companies and the self-employed	NO	40,000	40,000
25	2	Fund to support the solvency of strategic companies	NO	10,000	10,000
<b>TOTAL CG LIQUIDITY MEASURES</b>				<b>164,437</b>	<b>164,437</b>

## Social Safety Measures

RD Law	Art.	DESCRIPTION OF THE MEASURE	IMPACT ON DEFICIT	GOVERNMENT	AIReF ESTIMATE
				2020	
7 and 25	13 and AP 4	50% allowance of the business contribution to the SS of employees with discontinuous permanent employment contracts in the tourism, retail and hospitality sectors linked to tourist activity	YES	85	26
7	11	Benefit for temporary work disability similar to work accidents for all employed and self-employed workers.	YES	1,355	2,108
8 and 24	17 and 9	Benefit for the cessation of activity for self-employed people affected by the State of Alarm	YES	5,339	4,956
8 and 24	17 and 8	Exemption from payment of contributions for self-employed people affected by the State of Alarm	YES	2,708	2,471
8 and 24	22-25	Contributory unemployment benefit under ERTes (job retention schemes) linked to COVID-19. Also for permanent seasonal workers	YES	17,840	14,771
8 and 24	24, AP 6	Exemption for the company from paying business contributions to SS under ERTes (job retention schemes) linked to COVID-19	YES	6,349	6,265
24	10	Extraordinary benefit for cessation of activity for seasonal self-employed workers	YES		3
24	10	Exemption from contributions for seasonal self-employed workers	YES		1
11	30-32	Extraordinary allowance for lack of activity for people integrated into the Special System for Household Workers of the GSSR of 70% of the regulatory base	YES	3.15	8
11	33	Exceptional unemployment benefit for the end of temporary contracts for one month of 80% IPREM (Public Multiple-Effect Income Indicator)	YES	17.6	27
11	34	Six-month moratorium on social contributions for companies and the self-employed	YES	351	
11	35	Deferral of payment of debts to the SS for companies and the self-employed	NO	340	
15	22	Legal situation of unemployment due to the termination of the employment relationship in the probationary period during the SoA	YES	42	
15	25	Contributions under situation of inactivity in the Special System for Self-Employed Agricultural Workers established in the GSSR with a reduction of 19.11%	YES	43	
20		Minimum Living Income (*)	YES	1,500	492
<b>TOTAL SOCIAL SECURITY MEASURES</b>				<b>35,973</b>	<b>31,129</b>

(\*) AIReF has estimated the annual cost of the benefit, which is around €3 billion. According to Social Security data, fewer applications were approved in 2020 than initially estimated. Consequently, AIReF has estimated the cost of the measure this year at €500m (a slightly higher cost than the €400m that appears assigned for this item in the budget). Added to this cost are still the Social Security estimates of the cost of employment incentives (included in the MAIN). This figure is then reduced by the savings estimated by the SS from assimilating the benefit for dependent children under 18 years of age. In its latest estimate, this resulted in a reduction from an estimated €290m in the MAIN to €108m for 2020. The total cost will be €492m.



Regional revenue measures				
AREA	DESCRIPTION	IMPACT ON DEFICIT	Autonomous Regions' estimate	AIRcF ESTIMATE
			2020	
<b>Tax measures</b>	Tax allowances, deferrals, exemptions, elimination of instalment payments under special regimes.	YES	-374	-374
<b>Conditional transfers from the CSA</b>	Extraordinary Social Fund (€300m); Health Emergency Fund (€300m); Aid for school canteens (€25m); Housing Fund (€100m); MOVES Programme (€100m). The effect of the reduction in the transfer for job training (-€372m) is deducted, although some Autonomous Regions have not reported this effect.	YES	448	448
<b>Revenue related to public services</b>	Free services. Postponement of rent payments. Reductions in public fees, rates and prices, among which AIRcF has estimated, in addition to the amounts reported by the Autonomous Regions, an expected drop in university fees.	YES	-184	-184
<b>Other revenue measures</b>	Other measures not included in previous sections	YES	-9	-9
<b>TOTAL REVENUE MEASURES</b>			<b>-119</b>	<b>-119</b>

## Autonomous Regions' expenditure measures

AREA	DESCRIPTION	IMPACT ON DEFICIT	Autonomous Regions' estimate	AIReF ESTIMATE
			2020	
<b>Healthcare</b>	Recruitment of additional health staff, overtime and salary increases related to COVID-19. Hospital care expenditure, expenditure on pharmaceutical products, medical supplies and other current expenditure. Expenditure on healthcare agreements. Investments related to the health response to the pandemic.	YES	-	7,204
<b>Social services</b>	Direct support for families and intermediate institutions (social centres, local governments, etc.) to alleviate the social effects of the crisis. Social services' increased resource needs managed directly by the Autonomous Regions. Increase in amounts of guaranteed minimum income in some Autonomous Regions.	YES	705	705
<b>Economic promotion</b>	Direct support for companies in various forms (subsidies to SMEs, microSMEs and self-employed people, weekly cheques, compensation for social contributions, etc). Support to promote recruitment. Strengthening of mutual guarantee and guarantee companies' resources. Approximately a quarter corresponds to investment aid and other capital expenditure.	YES	1,666	1,666
<b>Education</b>	Staff reinforcement measures. Measures to adapt teaching to non-contact methods during lockdown (purchase of computer equipment and software, support for households and institutions). Lower expenditure effects reported by some Autonomous Regions have been discounted. Measures for the 2020/2021 academic year	YES	1,500	1,500
<b>Training for employment</b>	Cancellation of actions in this matter resulting from the deviation of the transfer for training for employment to the payment of direct benefits. Not all Autonomous Regions have reported measures to reduce this expenditure and the latest information does not include the additional allocation that was approved at the end of September. The Autonomous Regions' valuation may therefore be out-of-date.	YES		-372
<b>Housing</b>	Increase in subsidies for rental and remodelling of housing in addition to State funding.	YES	161	161
<b>Transport</b>	Disinfection and safety preparation of means of passenger transport. Other transportation expenditure related to the pandemic. The fall in turnover and the resulting compensation to holders of licences for transport services have been considered as impacts.	YES	24	24
<b>Other</b>	Other measures related to COVID-19, including expected savings on certain expenditure items, for which non-implementation is forecast, which is also estimated by AIReF.	YES	445	640
<b>TOTAL EXPENDITURE MEASURES</b>			<b>4,502</b>	<b>11,529</b>

## Methodological note

- AIR<sup>e</sup>F's forecasts are updated monthly by incorporating the latest published data in its forecast models for taxes, contributions, unemployment benefits, pensions and interest. Any relevant, announced and approved information that may have an impact at year-end is also included.
- The forecasts also take into account the latest data published by the General Intervention Board of the State Administration (IGAE) in National Accounting terms, as well as other monthly statistics, such as budgetary execution of the different sub-sectors (Central State Administration, Social Security System, State Public Employment Service (SEPE), Wage Guarantee Fund (FOGASA) and the Autonomous Regions), monthly information on tax collection from the State Tax Administration Agency (AEAT), the pension payroll (eSTADISS database) and unemployment benefits statistics.
- The figures included are stated in annualised terms, i.e., as a sum of the last 12 months. The series expresses the annual flow of what has happened or is expected up to the indicated month and the data for December therefore matches the annual data.
- As a result of the health crisis, the monthly pattern of revenue and expenditure has changed dramatically, leading to a great deal of uncertainty with regard to the time distribution of the flows. In these factsheets, AIR<sup>e</sup>F does not aim to estimate a monthly total, but instead focuses on what it deems relevant: the flow over the whole of 2020, highlighting how the monthly information, or new announcements, lead to a change in its own estimate.
- Since monthly data are not published in the local sub-sector, the consolidation of the GG total has been estimated by taking into account a monthly calculation of the payments for transfers from the State to the LGs from the financing system and the payments of the Provincial Councils to the CSA for the quota and to the Autonomous Region of the Basque Country.
- On October 6<sup>th</sup> 2020, the Council of Ministers requested activation of the escape clause provided for in the Organic Law on Budgetary Stability and Financial Stability, which, following a report from AIR<sup>e</sup>F, was approved by Parliament on October 20<sup>th</sup>. The activation of this escape clause on account of the extraordinary emergency situation caused by the pandemic renders without effect the fiscal rules for 2020, which had been set in February of this year and ratified by Parliament in March.
- However, the deficit forecasts included by the Government in the Budgetary Plan for 2021 sent to Brussels on October 15<sup>th</sup> have been taken into account. This document forecasts a deficit for the General Government of 11.3% of GDP, with the following breakdown by sub-sector: for the Central Government (CG) of -6.6% of GDP, for the Social Security Funds (SSFs) of -4.1% of GDP, for the Autonomous Regions of -0.6% of GDP and a balanced budget for the Local Government sub-sector.
- Due to the major uncertainty triggered by the pandemic, AIR<sup>e</sup>F temporarily abandons the probability analysis previously developed in the monitoring factsheets. Although it maintains a confidence band based on a historic pattern of uncertainty, It is only maintained as a guide.
- The Report on budgetary execution, public debt and the expenditure rule 2020 contains an annex with the main abbreviations and acronyms used.