

New regulation on vtc permits in the autonomous region of Madrid

On 13 June 2022, Law 5/2022 of 9 June on renting chauffeured vehicles in the Autonomous Region of Madrid was published in the Official Gazette of the Community of Madrid, amending Law 20/1998 of 27 November on organising and coordinating urban transport in the Autonomous Region of Madrid (“Law 5/2022”). This newsletter summarises the situation as it currently stands.

BACKGROUND: ROYAL DECREE-LAW 13/2018

- **Legal regulation until 2018.** Prior to Royal Decree-Law 13/2018, renting chauffeured vehicles required a permit, commonly known as a “VTC” permit. This permit covered both urban and interurban areas.
- **Urban passenger transport restriction.** Royal Decree-Law 13/2018 restricted the scope of VTC permits to interurban journeys. The authority to approve specific regulations for urban journeys was given to the autonomous regions and municipalities.
- **Transitional regime.** Royal Decree-Law 13/2018 gave VTC permit holders four years (which will expire on 1 October 2022) to provide both urban and interurban services.

From October of this year, holders of existing VTC permits will have to comply with regional and municipal legislation in order to provide their services within the same municipality. Otherwise, or in the absence of regional legislation, VTC permit holders will have to limit their activity to interurban transport and will not be permitted to offer urban transport services.

NEW FEATURES UNDER LAW 5/2022

- **Existing VTC permits.** Existing VTC permits registered with the Autonomous Region of Madrid prior to Law 5/2022 will continue to be allowed for urban and interurban services. However, their holders must comply with both the rules of the Autonomous Region of Madrid set for this purpose, as well as those provided for in national regulations.

In other words, operators will have to wait for future regulatory developments to find out the requirements to which renting chauffeured vehicles for urban journeys in the Autonomous Region of Madrid will be subject. In the meantime, operators will be able to continue their activity as long

as they comply with the conditions laid down in Law 16/1987 on land transport and its implementing regulations.

- **New permit.** Law 5/2022 will include a new “autonomous” permit for urban services. Therefore, renting chauffeured vehicles will require two permits:
 - A national permit for interurban journeys in accordance with national regulations, i.e. Law 16/1987 on land transport and its implementing regulations.
 - An autonomous region permit for urban journeys, subject to complying with the regulation established by the Community of Madrid.
- **1/30 ratio.** In line with national regulations, new permits may be refused when, in view of existing permits, including national permits to provide urban services, the ratio of one VTC permit per 30 permits for passenger transport in passenger cars (e.g. taxis) is altered.
- **Fare freedom.** Unlike taxi fares, the price for renting chauffeured vehicles is not subject to administrative tariffs.
- **Penalties system.** The penalty system provided for in Law 16/1987 on land transport and its implementing regulations applies. However, the new features introduced by Law 13/2021 of 1 October, mainly relating to providing services outside the territorial area in which they are legally required carry them out, do not apply.

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