Council of Ministers

Taxpayers must report their assets and rights held abroad in the first quarter of 2013

- A Royal Decree details the provisions of the new anti-fraud law
- It clarifies the instruments for mutual support with other countries to collect taxes.

15 November 2012. The Council of Ministers has approved a Royal Decree adapting the General Taxation law to EU and international regulations on mutual assistance, and establishing obligations to report assets and rights held abroad. The new anti-fraud law, published in the Official State Gazette (BOE) on 30 October, establishes a new obligation to declare all types of assets and rights held abroad. The approved Royal Decree specifies that the period for compliance with these obligations will be extended to cover the whole of first quarter of each year.

The declaration form will soon be approved by a ministerial order. Accounts with financial institutions and all types of assets, properties and rights to properties, securities, rights, insurance and deposited income managed or obtained abroad must be declared.

The Royal Decree exempts from this obligation the need to declare assets worth less than 50,000 euros per asset type. The presentation of the disclosure in successive years will only be obligatory when this limit has been increased by more than 20,000 euros.

Information to disclose

The information to be disclosed will include, in the case of accounts in financial institutions, the balance of these accounts on 31 December and the average balance for the last quarter of the year. This information will refer to current and savings accounts, term deposits, credit accounts and any monetary accounts or deposits of any type or currency, even if not

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remunerated. In the case of real estate, the purchase date and price must be disclosed, as well as the mortgage start and cancellation dates, and in the case of securities, the rights, insurance and income deposited or managed abroad must be disclosed as at 31 December each year.

Failure to comply with these obligations may have repercussions on personal income tax and corporate income tax, if the tax authority discovers hidden assets linked to this type of assets and rights. In this case they will be included in the last open tax year and the taxpayer risks heavy fines or the possibility of being prosecuted of a tax crime.

Collaboration with other States

The Royal Decree approved today also partially transposes to Spanish law the EU Directive on government cooperation on tax matters. This reinforces cooperation and the exchange of information between countries needed for tax payments.

Among other things, the Tax Agency is empowered to make requests for mutual assistance to other States or international institutions. It also establishes the applicable rules for calculating late-payment interest accrued by loans held abroad. Similarly, it sets out the procedure for transferring information supplied by another State or supranational institution. This provides legal certainty while achieving faster mutual assistance processes.

The goal of the Government is to further study these types of information-sharing agreements in the coming months, both to improve tax collection and to strengthen measures to combat tax fraud.

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