



Speech at the Cinco Días Forum

Ferre: "We are already starting to see considerable interest in the plan to regularise hidden assets"

- The extraordinary tax measures will not only increase revenues this year but will also expand the tax base for coming years
- The Secretary of State for Finance urges all political parties to support the 2012 Budgets in the debate that begins in Congress tomorrow, to send a clear message to the markets regarding Spain's commitment to fiscal consolidation

23 April 2012. The Secretary of State for Finance, Miguel Ferre, today argued that the fiscal consolidation and public deficit reduction strategy included in the General State Budgets for 2012 is a fundamental tool for restoring confidence in the Spanish economy among markets and institutions.

In his speech at the Cinco Días forum, Ferre stated that fiscal consolidation, together with the financial restructuring and improving access to credit, are now key to restoring lost credibility and getting the economy back on its feet. All of these measures are included in a set of structural reforms that will continue to be developed over the coming months.

In a climate of weak domestic demand, the decision has been made to temporarily introduce an extraordinary hidden assets programme that will help to generate revenue without hurting consumers. This programme will not only generate immediate additional revenue that will help to reduce the public deficit to 5.3% of GDP, but will also secure continued revenue in the future by permanently bringing in individuals who up to now have

not contributed to sustaining public expenditure, unlike other previous regularisation processes.

Ferre reminded his audience that Finance will shortly be publishing the ministerial order governing the tax return form for this type of income, with all its requirements. "Through the questions put to us by associations and advisors of every kind, we are starting to see considerable interest, both in the plan for the regularisation of hidden income and in the measures to step up the fight against the fraud that accompanies it" he said.

BACKING OF SAINT-AMANS

The programme to unveil hidden assets ends on 30 November. Finance expects to collect around 2.5 billion euros from these assets through the payment of 10% of the value of the income brought to light which the measure entails. According to Ferre, the extraordinary revenue forecast is based both on information on similar processes in other countries such as Italy, and on sources from foreign credit institutions. This regularisation plan, which has just been approved by the Government, has already received the backing of the OECD Director of the Centre for Tax Policy and Administration, Pascal Saint-Amans.

The Secretary of State also drew attention to the creation of a new obligation to provide information on accounts and securities held overseas, that will entail an unusual penalty system which includes the imprescriptibility of the tax debts associated with these accounts.

MAXIMUM SUPPORT FOR THE BUDGETS

Ferre also called for maximum support from political parties for the General State Budgets for 2012, the full debate on which begins tomorrow in the Spanish Congress. "It is hoped that the highest possible number of parties get on board, particularly those that have already supported other regulations such as the Organic Law on Budgetary Stability", he said. He emphasised that the more parliamentary support it receives, the stronger the message it sends to the markets regarding Spain's commitment to fiscal consolidation. However, he warned that failing to support the budgets would not stop the Government from meeting its obligation to approve public accounts that fulfil the commitments agreed to with the European Union.

The Secretary of State also pointed out that fiscal consolidation must be accompanied by measures to stimulate economic activity. However, he felt it was excessive to attribute the latest stock market falls exclusively to the budgetary adjustments. He branded as "exaggerated" the claims that fiscal consolidation will wipe out any signs of economic growth. Ferre stressed that the measures approved by the Government aim to cause the minimum possible amount of harm to consumers. And he stressed that a rise in VAT would not be appropriate this year, as this would hinder economic recovery.

SUPPLIERS AND LABOUR MARKET

Ferre underlined the fact that other measures approved in recent months, such as the financing mechanism for paying the suppliers of local authorities and regional governments would result in a cash injection of around 30 billion euros.

With regard to the job market, he highlighted the 3,000 euro tax deduction for hiring the first unemployed person under the age of 30 and various discounts on Social Security payments included in the labour reforms to improve recruitment and support for employers.