



The new anti-fraud law comes into force

## Ferre states that improved revenues in October will enable the deficit target to be met

- He reveals that the collection of Corporation Tax instalments will increase by nearly 40% in October, thanks to the adopted tax measures. Without them, collection would have fallen
- VAT revenues are expected to increase by 4% in the same month
- The State Secretary for Finance affirms that the Government is on the right track to reach the agreed public deficit target by year end
- The new anti-fraud law gives the Tax Agency more powerful legal instruments for dealing with the new niches of tax fraud and the underground economy

**31 October 2012.** The State Secretary for Finance, Miguel Ferre, today emphasised that the new Law 7/2012 to combat fraud, which comes into force today, is "the most ambitious law on the subject since the 70s". Its content is intended to give the Tax Agency new, more powerful legal instruments for combating the new niches of tax fraud and the underground economy.

Ferre remarked that they are on the right track to meet the public deficit target agreed on for the end of the year, particularly valuing the deficit reduction achieved in September, which in comparable national accounting terms, fell from 4.26% to 3.93% of GDP.

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The State Secretary also gave value to the improved revenues for September, and remarked that this trend was maintained in October. He said that in provisional terms, VAT collection in October increased by 4%, mainly due to the new rates, effective since September, and which are being reflected more clearly in October.

Cumulatively from January to October, provisional VAT collection is down by 4%, less than the 5.3% fall seen up to September, and far from the decreases of around 10% in the first months of the year. In this way, VAT collection is getting closer to the 3.3% reduction rate set as a target in the State Budget for this year.

The State Secretary also revealed that the first estimates of Corporation Tax instalments are clearly positive, as collection is expected to rise in October by around 40% more than the 2011 figure. In the absence of the approved tax measures, instalment collection would have fallen.

According to Ferre, these figures offer very positive indicators that revenue forecasts will be fulfilled, enabling the deficit target to be met, with recovery of confidence in the country and clear improvements in funding.

## **MEASURES TO COMBAT FRAUD**

Notable among the many measures included in the anti-fraud law is a limitation of cash payments of up to 2,500 euros for transactions between companies and/or professionals, this limit will be raised to 15,000 euros when the payer is a non-resident taxpayer. The law, already in force, will impose a substantial administrative infraction on those who do not comply with this measure, which will affect both the payer and the receiver with a sanction of 25% of the value of the cash payment.

The law includes a new obligation to report accounts, assets and rights held abroad. Undeclared income will be charged to the last open tax period. In Income Tax, taxation on undeclared income will involve exceptional rates, in many cases over 50%, the payment of four years' punitive interest, and the requirement to pay the corresponding tax

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sanctions. Depending on the amount, failure to pay may constitute a fiscal offence.

Also, business owners invoicing less than 50% of their transactions to private individuals, and with a gross income the previous year of more than 50,000 euros, are excluded from the presumptive taxation regime. Meanwhile, the new law provides more guarantees for collecting tax debt.

The Ministry of Finance and Public Administrations has created a video explaining the new anti-fraud law which comes into force today. It covers the main aspects of the new law for greater awareness among the public. Media institutions can download this video via this link:

[http://streaming.seap.minhap.gob.es/Ley\\_contra\\_el\\_fraude\\_fiscal.mp4](http://streaming.seap.minhap.gob.es/Ley_contra_el_fraude_fiscal.mp4)

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