MINISTRY
OF FINANCE
AND PUBLIC ADMINISTRATIONS

Press release

The Secretary of State for Finance appears in Congress

Ferre emphasises that the approved tax measures add solidity and consistency to the 2013 Budget

- Tax income will increase 3.7% next year compared to the settlement forecast for 2012
- Successive fiscal consolidation measures will give a collection base of 24.3 billion in 2013

4 October 2012. Today in the Congress Budget Committee, the Secretary of State for Finance, Miguel Ferre, emphasised that the priority for public accounts in the coming year is to continue reducing regional government deficits in order to improve the credibility of public finance.

Ferre told members of congress that the evolution of income in 2013 would continue to be influenced by the contraction of economic activity, which will be less extreme than this year, and "the impact of the tax measures in place since December 2011". These measures make it possible, despite the downturn, for tax income to increase by 3.7% in 2013 compared to the amount forecast for 2012.

In fact, the Secretary of State for Finance indicated that if these measures had not been adopted at the beginning of this year, tax income would have fallen again in 2012. The accuracy of these collection estimates is also based on the approval of new laws, such as the entrepreneurs plan and the strategies of Science, Technology and Innovation for the first quarter of 2013, which will affect the economy.

EMAIL ADDRESS
secretaria.prensa@minhap.es

ALCALÁ, 9
28071 - MADRID
TEL: 91 595 80 71/2
FAX: 91 595 84 66

STRENGTHENING COLLECTION

One of the more notable measures approved is the decree of 30 December 2011 permitting a complement to IRPF income tax for 2012 and 2013 only. This sets an additional increase in the tax, to be introduced gradually (up to 7% for incomes over 300,000 euros).

The decree of 30 March includes temporary measures (limits on goodwill, a minimum payment instalment for large companies, and a plan to normalise concealed income) and other, definitive measures (limits on the deductibility of financial costs and elimination of unrestricted depreciation).

The decree of 13 July includes a VAT increase, as recommended by the European Commission, an increase in payment instalments for large companies, and new limits on the compensation for negative bases and tax deductions.

The bill approved on 27 September together with the 2013 State Budget includes a special levy of 20% on lottery winnings, the elimination of the deduction for investment in the primary residence, an extension of wealth tax, a change in the taxation of short term capital gains, and a new limit on the tax deductibility of depreciation (up to 70%) for 2013 and 2014. This last measure is taken to increase the taxable base for large businesses without increasing the tax burden on SMEs. The ministry of Finance will also permit the updating of balances.

COMBATING TAX FRAUD

These tax consolidation measures will mean a collection base of 24.3 billion euros and give credibility to the income scenario of the 2013 Budget, according to Ferre. The Secretary of State also highlighted the excellent results of the measures to combat tax fraud in the first part of the year (15% more up to July), which the Tax Agency hopes to maintain throughout the year. These results will also contribute to achieving the budget stability targets set with the European Union.

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www.minhap.gob.es -

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