

Previous measures

***Reform of the Corporate Tax**

In 2008, the Government approved of the second stage of the reduction of the Corporate Tax approved of during the previous legislature. This is a reduction of the charges applicable to companies, which pass from 32.5% to 30%. This reduction is complemented by the reduction applied to Small and Medium-sized Enterprises since 2007, whereby the charges applicable to these type of companies have decreased by 5 points, totalling to 25%. This measure resulted in 5,300 million Euros in 2008.

Beneficiaries

All Corporate Tax payers, that is to say, 1,350,000 companies, more than one million of them being small and medium-sized companies.

Development

Approved of by virtue of Law 35/2006, dated 28 November. This measure is permanent in its character.

Further information

<http://reformafiscal.meh.es/>

***Emancipation subsidy scheme**

The emancipation scheme consists of a set of direct State aids intended to provide young people with economic support to help them pay the rent of their habitual residence. It is intended for young people between 22 and 30 whose regular annual income is inferior to 22,000 Euros. These aids include a given monthly amount (210 Euros) to cover rental property expenses; 120 Euros to cover guarantees subscribed with private guarantors, if any; and a 600-euro loan at 0% interest to cover possible rental deposits. The budget implemented in 2008 totals to 100 million Euros and the budget estimated for 2009 amounts to 331 million Euros.

Beneficiaries

63,166 youngsters benefited from the Emancipation Subsidy Scheme in 2008. According to official estimates, in 2009, the number of beneficiaries will amount to 165,000.

Development

It is currently in force. It was approved of by virtue of Royal Decree 1472/2007 on November 2007.

Further information

<http://www.alquilerjoven.es>

Information Telephone Lines:

- 900 900 707, for general information
- 91 728 40 04, for those applicants whose application has already been accepted

***Modification of the legislation concerning the VAT and the Income Tax in order to improve the fiscal control on refurbishment**

The works in buildings will be considered refurbishment provided their total cost is inferior to 25% of the purchase price of the building. According to the modification, the price of the building does not include the price of the land, which had to be included up to this moment. Thus, more works will benefit from a more advantageous tax system, as they will be returned the VAT paid for; and it will also serve to boost up activity in the construction sector. This modification has already been implemented in the case of the Income Tax allowances for refurbishment of habitual residence.

Beneficiaries

Workers and companies in the construction sector, as they will benefit from an increase in refurbishment activities.

Development

This measure came into force on 23 April 2008 and it forms part of the set of urgent measures intended to enhance the economic activity; it was approved of by virtue of a Royal Decree dated 21 April.

Further information

www.agenciatributaria.es

Telephone no.: 901 335 533

***New especial VAT group regime**

Entity groups can be considered a single tax payer. This makes it possible for them to compensate tax returns among them instead of having to pay the fees, which has resulted in an advance liquidity payment of 3,000 million Euros for 2008.

Thus, for instance, if we have two companies, A and B, and one belongs to the other, if A has to pay this tax and the amount due totals to three million Euros and if the Treasury must pay one million back to B, these two companies can present a joint income tax return and pay two million Euros. Up to now, in such cases, companies had to pay three million Euros and then wait for the procedure to conclude in order to be returned the money.

Beneficiaries

All companies forming part of the corporate group.

Development

Approved of by virtue of Law 36/2006 and currently in force.

Further information

<http://www.boe.es/boe/dias/2008/04/22/pdfs/A20740-20748.pdf>

http://www.meh.es/Documentacion/Publico/NormativaDoctrina/Tributaria/IRPF/RD_861-2008.pdf

Telephone no.: 901 335 533

***Aids per child birth or adoption (the so-called “cheque bebé”)**

Subsidy intended to make up for the expenses derived from childbirth. This subsidy is compatible with the deduction in maternity leave period regulated in the Income Tax. It is implemented as a deduction in the Income Tax if the tax payer is an employee; otherwise, it is implemented as a non-taxable subsidy paid by the Social Security System, in both cases it is paid soon after the birth or the adoption. According to the estimates, its costs will amount to 1,234 million Euros and to 1,250 million Euros in 2009.

Beneficiaries

According to official estimates, 493,949 applicants benefited from it in 2008 and 500,000 will benefit from it in 2009.

Development

Approved of by virtue of Law 35/2007, dated 15 November. This measure is permanent in its character.

Further information

http://www.agenciatributaria.es/wps/portal/Navegacion2?channel=169e062710936110VgnVCM1000004ef01e0a_&ver=L&site=56d8237c0bc1ff00VgnVCM100000d7005a80_&idioma=es_ES&menu=2&img=7

Telephone no.: 901 335533

***Possibility to transform private housing into subsidized housing**

The Government has modified the conditions of the 2005-2008 Housing Plan so that those promoters who adjust their prices to the maximum limits established for subsidized housing may benefit from the advantages contemplated in the Housing Plan. That is to say, this makes it possible for private housing to become subsidized housing upon application of the promoter.

Beneficiaries

Citizens will benefit from the greater choice in social housing. Real estate developers with newly-built unsold property will also benefit from this measure.

Development

It is currently in force. This measure was approved of by the Council of Ministers of 11 January 2008. The 2009-2012 Housing and Refurbishment Plan contemplates an extension of this measure until 31 December 2009.

Further information

www.mviv.es/es/index.php?option=com_content&task=view&id=1163&Itemid=1163

***Paternity leave**

Last 24 March 2007 the Government enforced the Equality Act whereby a paternity leave for fathers was established for the first time in Spain, this paternity leave for fathers adds up to the maternity leave.

The paternity subsidy equals the amount contemplated for the maternity leave period: 100% of the regulatory base of the subsidy for temporary retirement derived from common contingencies. This subsidy will be paid during 13 days (two more per child for families with two or more children) and it adds up to the 2 days contemplated by the Workers' Statute, which results in 15 days' paternity leave.

Beneficiaries

The number of beneficiaries of paternity leave subsidies between January and 30 September 2008 amounts to 209,442; and they have received more than 156 million Euros from the Social Security system. The budget for 2009 has increased up to 240 million Euros.

Development

It is currently under development. Approved of by virtue of Act 3/2007, dated 22 March, on Equality between men and women (www.boe.es/boe/dias/2007/03/23/pdfs/A12611-12645.pdf).

Further information

www.seg-social.es/Internet_1/Trabajadores/PrestacionesPension10935/Paternidad/index.htm

Telephone no.: 900 16 65 65

***Income Tax reform**

Las June 2008, tax payers presenting the 2007 tax return benefited from a tax reduction on the income tax return of the previous year. This reduction consists in the increase of the minimum rates and in the reduction of the tax rate, a more neutral taxation on savings, etc., with an average reduction of 6%. In 2009 and from then onwards, tax this reform will bring about further saving. Besides, in 2008, the Income Tax rates and minimum charges were updated in order to make up for the effects of inflation. According to official estimates, in 2008, both measures contributed to save at least 2,830 million Euros. For 2009 and from them on, this reform will give way to further savings.

Beneficiaries

Income Tax payers, that is to say, nearly 23 million citizens.

Development

Approved of by virtue of Law 35/2006, dated 28 November; this measure is permanent in its character.

Further information

<http://reformafiscal.meh.es/>