NEW TAX LEGISLATION IN THE GENERAL STATE BUDGET LAW FOR 2018

The General State Budget Law for 2018 (Law 6/2018, of July 3, 2018) was published in the Official State Gazette (BOE) and came into force (generally) the day after it was published.

The main new legislation this law includes is described below, with an express mention of the date it begins to take effect.

1. Direct taxes

1.1 Personal income tax

1.1.1 Increase in the reduction for salary income

Beginning on July 5, 2018, the reduction for salary income, applicable to low-income taxpayers, is increased.

More specifically, it is provided that taxpayers with net salary incomes below €16,825 (formerly, €14,450) who have no income (not counting exempt amounts), other than salary income, exceeding €6,500, may make the following reductions to their net salary income:

- Net salary income equal to or below €13,115 (formerly, €11,250): €5,565 per annum (formerly, €3,700).
- Net salary income between €13,115 and €16,825 (formerly, €11,250 and €14,450, respectively): €5,565 (formerly, €3,700) less 1.5 times the difference between salary income and €13,115 per annum (this used to be 1.15625 times the difference between the income and €11,250 per annum).

To make these new reductions applicable immediately, a transitional regime is provided. The terms of this regime are:

a) Where the tax fell due before July 5, 2018 (scenarios caused by a death), the reduction will be that set out in the legislation in force as of December 31, 2017.

b) Where the fax falls due on or after July 5, 2018, the applicable reduction is determined by adding the following amounts together :

   - The reduction calculated by reference to the legislation in force as of December 31, 2017.
   - An amount equal to 50% of the positive difference between the figures determined under the new and the old provisions.

c) To calculate the withholdings from income in cash and in kind paid on or after July 5, 2018, the legislation in force as of December 31, 2017 must be applied, though certain specific rules are added:

- The withholding exemption limits are raised to take into account the effect of raising the reduction for salary income, and are now as follows:

Taxpayer's Circumstances	No. of Children and Other Descendants		
	0 - €	1 - €	2 or more - €
1. Single, widowed, divorced or legally separated taxpayer	-	15,168	16,730
2. Taxpayer's spouse does not obtain income above €1,500 per annum, excluding exempt income	14,641	15,845	17,492
3. Other circumstances	12,643	13,455	14,251

- A number of new specific withholding exemption limits are introduced for pensions or retired public employee pensions or unemployment benefits or subsidies:

Taxpayer's Circumstances	No. of Children and Other Descendants		
	0 - €	1 - €	2 or more - €
1. Single, widowed, divorced or legally separated taxpayer	-	15,106.5	16,451.5
2. Taxpayer's spouse does not obtain income above €1,500 per annum, excluding exempt income	14,576	15,733	17,386
3. Other circumstances	13,000	13,561,5	14,184

- The reduction for salary income to be taken to calculate the withholding rate is that applicable from July 5, 2018 (according to the calculation formula described in letter b) above).

- The withholding rate must be adjusted (where required) in either of the following two alternative ways (elected by the payer):

  - Either on the first salary income to be paid or credited on or after July 5, 2018.

  - Or on the first salary income to be paid or credited in or after the month following July 5, 2018.

1.1.2 Increased tax credits:

(i) **Tax credit for income obtained in Ceuta and Melilla:**

Beginning on January 1, 2018, the tax credit for income obtained in Ceuta and Melilla goes up from 50% to 60% and the withholdings from income in cash and in kind paid on or after July 5, 2018 are increased in the same way.

(ii) **Maternity tax credit**

The personal income tax legislation gives a tax credit to women with children under three who do self-employed work or work for an employer and are registered for social security purposes in respect of these activities; this tax credit amounts to up to €1,200 for each child under three. The law gives the option to apply for advance payment of this tax credit.

Now, beginning on January 1, 2018, the tax credit is increased by up to an additional €1,000 where childcare costs for the child under three at authorized nurseries or preschools have been paid. In the period when the child has his or her third birthday, this increase applies to the costs incurred from that time until the month before that when the second cycle of preschool education starts.

The additional amount must be calculated under the following rules:

- The increase in the tax credit must be calculated by reference to the months in which all the requirements to claim the tax credit (except for that related to the minor's third birthday) are satisfied simultaneously.

- This increase is limited, for each child, by (i) the total contributions and payments to the social security authorities or mutual insurance companies (*Mutualidades*) that have fallen due in each period after the birth or adoption, and (ii) the unsubsidized effective payment to the nursery or preschool in relation to that child.

- There is no option to apply for advance payment of the increase.

Childcare costs are any amounts paid to nurseries and preschools (pre-enrollment and registration, attendance in normal and extended school hours and food -provided they were charged for complete months-) if they are not treated as exempt salary income in kind.

(iii) **Tax credit for large families or dependents with disabilities**

The General State Budget Law for 2018 also increases this tax credit, though beginning on July 5, 2018.

First, it sets out a <u>new case of entitlement to a disability tax credit: a non-legally separated spouse with a disability who does not receive income</u> (not counting exempt amounts) above €8,000, and is not eligible for the tax credits for lineal relatives (descendants or ascendants) with disabilities. In these cases spouses will be entitled to a tax credit of up to €1,200 per annum.

Elsewhere, <u>the tax credits for large families are increased by €600 per annum,</u> for each child over and above the minimum number of children required to qualify as a large family in the general or special category (this increase will not be counted to calculate the limit related to contributions and payments to the social security authorities or mutual insurance companies for the purposes of the tax credit limit).

The following special rules apply in relation to both amendments:

- For the purpose of computing the number of months to calculate the tax credit amount, both (i) the taxpayer’s marital status, and (ii) the number of children over and above the minimum number required to qualify as a large family in the general or special category, will be determined by reference to the taxpayer's circumstances on the last day of each month.

- The advance monthly payment of the tax credit amounts to €100 per non-legally separated spouse with a disability.

- For the advance payment of this tax credit per non-legally separated spouse, the annual income to be taken into account is that related to the latest tax period to end (i.e. the period for filing self-assessments) before the beginning of the fiscal year in which the advance payment is requested.

- In the case of large families, the tax credit is increased by €50 per month for each of the children in the large family over and above the minimum number required for that family to acquire large family status in the general or special category.

Lastly, in 2018 these tax credits are to be determined by reference only to the months of July through December 2018.

(iv) **Tax credit for investment in newly or recently created companies**

Beginning on January 1, 2018, the tax credit for investment in newly or recently created companies is 30% (as opposed to the former 20%). In addition, the maximum tax credit base goes up from €50,000 to €60,000.

1.1.3 New tax credit for family units with tax residents in EU member states or in the EEA countries

Beginning on January 1, 2018, a new tax credit is created for taxpayers forming part of a family unit in which any of its members reside in another EU member state or in an EEA country, which is aimed at bringing the tax liability into line with the amount that would have been payable had all the members of the family unit been tax resident in Spain and elected to file a joint return.

The credit to be claimed on the personal income taxpayer's individual return, if applicable, is calculated using the following operations:

a) Sum of the personal income tax/nonresident tax liabilities: add together the net tax liabilities (central government and autonomous community component) of the members of the family unit who are personal income taxpayers, and the nonresident income tax liabilities in respect of the income obtained in Spain by the other members of the family unit.

b) Joint imputed tax liability: determine the total net personal income tax liability that would have been calculated had all the members of the family unit filed a joint return. The calculation in relation to the nonresident members must include the amount by which their positive income exceeds their negative income.

If the difference between the sum of the net personal/nonresident income tax liabilities and the joint imputed tax liability is negative, no tax credit may be claimed. Otherwise, the positive difference is deducted to determine the central government and autonomous community components of the net personal income tax liabilities. For these purposes:

- The central government component of the gross personal income tax liability has to be reduced by the proportion between the nonresident income tax liabilities and the sum of personal/nonresident income tax liabilities, and the remainder is subtracted in equal portions from the central government and autonomous community components.

- Where the family unit has more than one personal income tax payer, the tax credit must be deducted in a proportion relative to the respective net tax liabilities for each before this deduction.

This credit may not be claimed if any of the members of the family unit has elected (i) the special tax regime for workers assigned to Spain (incoming expatriates regime) or (ii) the option to be subject to Spanish personal income tax that may be elected by taxpayers resident in other EU member states. Nor is it applicable if any of those individuals does not have a Spanish taxpayer identification number.

1.1.4 Reporting obligation

Beginning on January 1, 2018, changes are made to some of the limits below which no return has to be filed. More specifically:

a) The capital gains derived from public aid are included in the combined limit of €1,000 per annum applicable to imputed real estate income, gross income from movable capital not subject to withholding derived from Spanish treasury bills (letras del Tesoro), and subsidies for purchasing officially protected or restricted-price housing.

b) The reporting obligation threshold is raised from 12,000 to 14,000 for anyone receiving (i) salary income from more than one payer, (ii) non-exempt annual spousal and ascendant/descendant support or reimbursement alimony from a spouse, (iii) salary income not subject to withholding (because the payer does not have a withholding obligation), or (iv) salary income subject to a fixed withholding rate.

This limit amounts to €12,643 per annum for the 2018 tax falling due on or after July 5. 2018.

1.1.5 Increase in the exemption from the special tax on prizes from certain types of lotteries and betting

Beginning on July 5, 2018, the exempt amount of the special tax on prizes from certain types of lotteries and betting, previously amounting to €2,500, is changed on the dates and by the amounts shown below:

a) €10,000 for prizes obtained from games held in 2018, on or after July 5.

b) €20,000 for prizes obtained from games held in 2019.

c) €40,000 for prizes obtained from games held on or after January 1, 2020.

1.2 Corporate income tax

1.2.1 Patent box rule changes (reduction to the income from certain types of intangible assets)

For periods beginning on or after January 1, 2018, the patent box regime is amended to bring it into line with the decisions adopted by the EU, specifically, with the contents of the report on OECD BEPS Action 5.

The specific amendments are as follows:

a) The scope of the regime is altered in relation to the intangibles qualifying for it. So, although patents are still included, the reference to drawings or models, plans, formulas or secret procedures, in addition to rights in information relating to industrial, commercial or scientific experiences is replaced with "*utility models, supplementary protection certificates for medicinal products and plant protection products, legally protected drawings and models, which derive from research and development and technological innovation activities, and advanced software that derives from research and development activities*".

   As may be seen, this involves the disappearance of the incentive for know-how, among others.

   It is added that, the legal protection regime for intangibles must be determined from the provisions in both Spanish and EU legislation, and in any international copyright and intellectual property legislation applicable in Spain.

b) The calculation formula for the reduction has largely been retained though with a slight change: a 60% rate will be applied to the following quotient:

   a. In the numerator, the costs incurred by the licensor, directly related to the creation of the asset, including those derived from subcontracting arrangements with unrelated third parties (increased by 30% insofar as the numerator is not higher than the denominator).

   b. In the denominator, the licensor's costs directly related to the creation of the asset, including those derived from subcontracting arrangements with unrelated third parties (and, in a new provision, also <u>those derived from subcontracting arrangements with related persons or entities)</u> plus those related to acquiring the asset.

c) The <u>positive income</u> qualifying for the reduction is now calculated as the difference between the revenues (from licensing the right to use or exploit the assets and from transferring them); and (i) the costs incurred by the company, related directly to the creation of any assets that have not been included in the value of such assets, (ii) the amounts deducted in respect of amortization of the assets, and (iii) the costs directly related to any assets that have been included in the corporate income tax base.

d) The reduction also applies to any <u>losses</u> obtained in a fiscal year if positive income of the same nature was obtained in earlier years and the Patent Box regime was claimed for that income. In other words, the full amount of these losses cannot be used to reduce the tax base until they exceed any income that has benefited from that regime.

   As soon as the losses exceed the positive income described above, the full amount by which the losses exceed that income can then be included in the tax base. If new income is later generated, the full amount must be included in the tax base until those losses that have been used in full have been covered. Lastly, if new income is obtained after that, it may benefit from the reduction.

As a result of the coexistence of more than one regime for applying this incentive, its <u>transitional regime</u> has been adapted and is now as follows:

a) In relation to intangible asset licenses made before September 29, 2013[1], it may be elected to apply, throughout the remaining tax periods until the end of the term of the licensing agreements and until June 30, 2021, the regime set out in the former corporate income tax legislation[2]. The election must be made on the return for the 2016 tax period.

Beginning on July 1, 2021, all licenses must apply the new regime set out in the General Budget Law for 2018.

b) In relation to any licenses made between September 29, 2013 and June 30, 2016, it may be elected to apply, in all the tax periods remaining until the terms of the licensing agreements have ended, and until June 30, 2021, the Patent Box regime under Corporate Income Tax Law 27/2014, of November 27, 2014, which entered into force on January 1, 2015. The election must also be made on the return for the 2016 tax period.

If, however, the intangible assets were acquired between January 1 and June 30 2016, directly or indirectly from a company related to the licensor, and an elected reduction regime was not being claimed for them when they were acquired, this regime is only applicable until December 31, 2017.

Beginning on July 1, 2021 or January 1, 2018, respectively (as applicable), all licenses must apply the new regime set out in the General Budget Law for 2018.

c) In transfers of previously licensed intangible assets for which the taxpayer had elected any of the options described above, if those transfers are made between July 1, 2016 and June 30, 2021, the regime envisaged in the current Corporate Income Tax Law may be elected, according to the wording in force as of January 1, 2015.

If the assets were acquired between January 1 and June 30 2016, directly or indirectly from a company related to the licensor, and an elected reduction regime was not being claimed for them when they were acquired, the option mentioned above will only be applicable until December 31, 2017. This election must be made on the return for the tax period in which the transfer was made.

1.2.2 Amendments to the tax credit for investments in film productions, audiovisual series and live performing arts and music shows.

Any producers registered on the Register of Film Production Companies held by the Ministry of Education, Culture and Sport, who make foreign productions of feature films or audiovisual works which enable the creation of a physical medium prior to their serialized industrial production, are entitled to a tax credit equal to 20% of the costs incurred in Spain where they are at least one million euros.

Now, beginning on July 5, 2018, various obligations are laid down to benefit from this tax credit. More specifically:

a) The producers must include in the credits and in all advertising for the production a specific reference to their election of the tax incentive, expressly mentioning the specific filming locations in Spain, and the collaboration of the Spanish

[1] Date of the entry into force of Law 14/2013, of September 27, 2013 to support entrepreneurs and their internationalization.

[2] That set out in the Revised Corporate Income Tax Law, approved by Legislative Royal Decree 4/2004, in the wording given by additional provision 8.1.eight of Law 16/2007.

government, the autonomous communities, the Spain Film Commission and the Film Commissions/Film Offices that have taken part.

b) Also, they must send to the Film and Audio-visual Arts Institute (**ICAA**) to be filed, classified and managed, the following materials related to the production: (i) a copy of the audiovisual production in high-quality digital format, in the original version and in the versions marketed in Spain, (ii) the synopsis and an updated technical and artistic fact sheet, (iii) the graphic promotion material for the production (posters, photographs, etc.), and (iv) a sufficient amount of stills from the work with implicit authorization for them to be used in promoting the area where they were filmed.

c) Moreover, the beneficiary companies must agree to license partial reproduction rights for the audiovisual work and graphic materials delivered for the performance of activities and preparation of promotion materials in Spain and abroad for cultural or tourism purposes. These functions may be carried out by the Central Government, Regional, Provincial or Local entities with powers in relation to Culture, Tourism and/or Economy, and by the Spain Film Commission and by the Film Commissions/Film Offices that have taken part.

d) Lastly, the ICAA must be informed for statistical purposes (i) of the start and end dates of the production and (ii) of the amount of the total production cost that was incurred in Spain, regardless of whether or not the incentive was ultimately claimed on it.

1.2.3 Prepayments

Effective for tax periods beginning on or after January 1, 2018, private equity entities are excluded from the "*minimum prepayment*" regime. This exclusion will not apply, however, to prepayments with reporting periods that commenced before the entry into force of the General State Budget Law for 2018.

1.2.4 Tax authorities' power to determine the tax base and other tax elements

Beginning on July 5, 2018, the Law expressly includes the tax authorities' power to audit any of the circumstances determining the conversion of deferred tax assets into amounts claimable from the tax authorities, and, in particular, any book losses that give rise to those tax assets.

1.2.5 Other amendments

- Beginning on July 5, 2018, the corporate income tax legislation includes the same measure as that existing in the personal income tax legislation allowing taxpayers to elect to have 0.7% of their gross tax liability to be used to fund social interest activities. This option may be elected by taxable persons with tax periods ending after the entry into force of the General State Budget Law for 2018.

- For periods that began on or after January 1, 2017, an exemption is included on the income obtained by the Port Authorities as a result of the transfer of elements of their fixed assets, provided the whole amount from the transfer is used for the repayment of loans provided by State Ports or by official credit institutions to finance investments in fixed assets related to their specific purpose or aim.

1.3 Wealth tax

Royal Decree-law 13/2011 temporarily reinstated wealth tax for fiscal years 2011 and 2012 (after it had been eliminated in practice since 2008, through a 100% reduction).

This regime has been extended in successive years. The General State Budget Law for 2018 has now extended it again for 2018, so the 100% reduction will not be applicable (in principle) until 2019.

It should not be forgotten, however, that this is central government legislation and a few autonomous communities have used their legislative powers to allow reductions. Therefore, the specific legislation for the autonomous community of residence must be taken into account.

2. Indirect taxes

2.1 VAT

2.1.1 Amendments effective on the Law's entry into force

a) In relation to the regime for reclaiming VAT in international travel, the requirement for the amount on the invoice documenting the supply of goods to be higher than €90.15 has been removed.

b) It specifies the scope of the exemption for the carriage of passengers and their luggage by sea or air from or to a port or airport outside Spanish VAT territory. By determining that it will include any carriage by air on the same air flight document which includes connecting flights.

c) The following amendments are made to the VAT rates:

- The VAT on movie tickets is brought down to 10% (from 21%).

- In relation to the 4% reduced rate chargeable on any telecare, home support, daycare and nightcare and residential care services that result from an economic benefit linked to those services, it is now required for that benefit to cover more than 10% of the price (before it had to cover more than 75%).

2.1.2 Amendments effective on January 1, 2019

a) The exemption for services provided directly to their members by unions, groupings or autonomous entities is amended to bring the related provisions into line with European law.

   Specifically, this exemption is restricted to groupings whose members carry on activities in the public interest (as defined in the VAT Directive) which means that any groupings whose members carry on other types of exempt activities will be excluded, and, in particular, the following activities envisaged in article 20.One of the VAT Law: insurance, financial, postal services, gaming, real estate activities, professional services set out in point 26, and the political activities set out in point 28.

b) The following new rules are introduced in relation to electronically supplied, telecommunications, and radio and television broadcasting services:

- A €10,000 per annum threshold is determined in relation to the services provided to customers other than traders or professionals, below which these supplies of services will be subject to VAT in the member state where the supplier of the service is established, unless the supplier elects to be taxed in the member state of destination.

- This €10,000 threshold is computed at Community level, without including the state where the supplier is established, and does not apply to suppliers not established in the Community.

- The previously existing restriction determining that traders or professionals not established in the Community but registered for VAT purposes in a member state, because they occasionally carry out transactions subject to VAT in that member state, for example, cannot use any of the special regimes applicable to these services has been removed.

c) Lastly, the tourism registration regime has been repealed, although a transitional period is established for any vehicles and vessels which on the entry into force of the law fell under the tourist registration rules (until the end of the authorized term, which cannot, under any circumstances, be later than December 31, 2018).

2.2 Canary Islands general indirect tax (IGIC)

Beginning on July 5, 2018, the following amendments are made to the Canary Islands general indirect tax:

a) Three new cases of transactions not subject to the tax are introduced for:

- Supplies of goods and services made by public authorities.

- Supplied services that were ordered by any public-sector corporations, agencies and entities having, within the meaning of article 32 of the Public Sector Contracts Law, the status of personified vehicles wholly controlled by the contracting authority ("*medio propio personificado del poder adjudicador*") that ordered the service.

- The services supplied by any public-sector corporations, agencies or entities, within the meaning of article 3.1 of the Public Sector Contracts Law, to the public authorities to which they are attached or to another organization of those types wholly attached to these public authorities, where those public authorities wholly own them.

b) The definition of price-related subsidy forming part of the taxable amount is clarified. More specifically:

- The following subsidies are treated as directly related to the price of transactions subject to the tax: those calculated by reference to the number of units supplied or to the volume of services supplied, where they are determined before transaction is performed.

- Whereas the following will not be price-related subsidies: any monetary contributions, whatever name is used for them, which the public authorities use to finance:

  - the management of public services or services for the promotion of culture which do not contain a material distortion of competition, regardless of the form of their management;

  - activities in the public interest if their customers are not identifiable and do not pay any consideration whatsoever.

- Lastly, it is clarified that no subsidies aimed at enabling the supply of Community products or products available on the EEC market provided for in the program of options specific to the remote and insular nature of the Canary Islands have to be included under any circumstances in the taxable amount.

c) In relation to determining the deductible amount of the Canary Islands general indirect tax for taxable persons carrying out both subject and non-subject transactions, it is proposed to use the proportion that the whole amount excluding the Canary Islands general indirect tax (determined for every calendar year) in respect of supplies of goods and services in transactions subject to the tax represents of the total revenues the taxable person obtains in each calendar year in respect of the whole of its activity.

2.3 Transfer and stamp tax

The scale of tax rates applicable to transfers and reinstatement of titles of nobility has been revised by 1% .

2.4 Gaming taxes

Beginning on July 1, 2018, the tax rates and tax bases for gaming activities are reduced (with some exceptions) and a 50% reduction is introduced for Ceuta and Melilla (except in the case of government-organized sports betting).

Specifically, the following will be taxed at 20% (i) mutual sports betting, spread betting and cross betting, (ii) mutual and spread horse racing betting, and (iii) other mutual, spread or cross betting; and (iv) prize draws (unless they are for a declared public or charitable purpose, when they will be taxed at 5%), competitions and other games. Whereas random combination draws for advertising or promotional purposes are taxed at 10%, and sports betting, at 22%.

Moreover, the rate is generally applied on the net revenues from the winnings or prizes except in the case of charitable mutual sports betting run by the government (which continue to be taxed on their gross revenues) and random combination draws (taxed on market value, as they have been to date).

3. Local taxes

3.1 Real estate tax.

The Law has extended the 50% reduction to real estate tax for 2018 on urban properties damaged by the earthquake movements that occurred on May 11, 2011 in Lorca (Murcia) where it is evidenced that both the individuals and personal property in those properties had to be rehoused until the damage caused to them had been repaired.

3.2 Tax on economic activities

For tax periods beginning on or after the date of entry into force of the General Budget Law for 2018, several amendments have been made to the classifications for the purposes of this tax, to:

a) bring them into line with the current circumstances of the product manufacturing activities they classify, so as to give greater legal certainty (the amendments to captions 251.3 and 253.1 of section one of the Classifications were made for that reason);

b) remove the 50% reduction to the tax liability for the Spanish government-owned postal and telegraph company (Sociedad Estatal de Correos y Telégrafos S.A.) (the reason for altering group 847 of section one of the Classifications); and

c) include among the powers set out in rule 4 of the Instruction, that of providing a cashback service to customers, on behalf of the financial institutions engaged in the activities classified in groups 811 and 812 of section one of the Classifications.

4. Excise and special taxes

Various amendments are made to the special taxes on hydrocarbons, electricity, coal and fluorinated greenhouse gases.

a) In relation to the **tax on hydrocarbons**:

- Beginning on July 1, 2018, an exemption is introduced on the manufacture and importation of biogas to be used for the generation of electricity at electric power plants or power and heat cogeneration plants or for their own use at the plants where it was generated.

- Beginning on January 1, 2019, the autonomous community rate for the tax on hydrocarbons is combined with the special central government rate to ensure a uniform market in relation to fuels and carbons. As a result of combining these rates, the special rate is three times higher.

b) Also beginning on July 1, 2018, the right to given exemptions from the **tax on hydrocarbons** and from the **tax on coal** is made subject to satisfaction of the conditions that will be laid down in the regulations.

c) In relation to the **special tax on electricity**, beginning on July 1, 2018:

- An economic incentive is introduced (consisting in a reduction to the tax base and a reduced rate) for the electric power supplied to vessels moored at a port, other than recreational boats and yachts, the aim being for power from the land grid to be used to reduce the pollution at port cities derived from transport. The actual application of this measure will be conditional on its compatibility with Community regulations.

- Various technical adjustments are introduced, both to bring the legislation on the tax into line with the amendment mentioned in the previous point, and clarify the application of the minimum tax rates, and for the exemption under the wording on the repealed tax on electricity, available to the owners of plants under the renewable energy and cogeneration program, to continue to be available to the same parties.

d) In relation to the **tax on fluorinated greenhouse gases,** the following amendments are made, beginning on September 1, 2018:

- The tax rates are lowered to a level that reflects the latest C02 emission price projections for 2020 through 2030.

- The global warming potential of the gases are updated, by reference to the latest update of global warming potential values in EU legislation.

- To encourage the regeneration and recycling of gases, the tax rate applicable to these gases is reduced.

5. Other matters

5.1 Digital services tax

The General State Budget Law for 2018 expressly states that the government will lay before the Spanish Parliament, within three months after approval of the General State Budget Law for 2018, a Bill on a new tax on certain digital services, based on the digital services tax proposal submitted by the European Commission on March 21, 2018.

5.2 Public fees

In line with previous years, the flat rates for the fees charged by the central government public finance authority are updated, except for any created or updated specifically by legislation issued on or after January 1, 2017.

Additionally, the fees charged by the Spanish central traffic authority are rounded up to the nearest higher multiple of 10 cents, except where the amount to be adjusted is a multiple of 10 cents.

Moreover, it reduces by 50% the gaming charges set out in Royal Decree-Law 16/1977, of February 25, on the criminal, administrative and tax elements of games of chance, sweepstakes or gambling, to transfer to the autonomous cities of Ceuta and Melilla the tax benefits contained in other taxes for them.

Lastly, it largely retains the quantification of the necessary parameters to determine the fee for reservation of the public radio spectrum and the basic amounts of port fees (and sets out the reductions and adjustment multipliers applicable to the occupancy, vessel, passenger and goods fees charged at public ports (*puertos de interés general*)).

5.3 Real Estate Cadaster

Among other amendments, and beginning on the date of entry into force of the General State Budget Law, the implementation of the reference market value is included in the Real Estate Cadaster Law, a value obtained from an analysis of the prices reported by public authenticating officials in the real estate transactions performed and from the other information sources available at the General Cadaster Office.

5.4 Not-for-profit entities and tax incentives for patronage

5.4.1 Events of exceptional public interest

The following events of exceptional public interest are determined, for the purposes of Law 49/2002, of December 23, 2002, on the tax treatment of not-for-profit entities and tax incentives for patronage:

1) *50 Edición del Festival Internacional de Jazz de Barcelona (July 1, 2018 through December 31, 2020).*

2) *Centenarios del Real Sitio de Covadonga (July 1, 2018 through December 31, 2019).*

3) *2019 Men's Junior World Handball Championship (July 1, 2018 through December 31, 2010).*

4) *2021 Women's World Handball Championship (January 1, 2019 through December 31, 2021).*

5) *Andalucía Valderrama Masters (July 1, 2018 through December 31, 2020).*

6) *La Transición: 40 años de Libertad de Expresión (July 1, 2018 through December 31, 2020).*

7) *Barcelona Mobile World Capital (January 1, 2018 through December 31, 2020).*

8) *Ceuta y la Legión, 100 años de unión (July 1, 2018 through September 20, 2020).*

9) *2019 Pontevedra ITU World Triathlon Multisport Championships(July 1, 2018 through December 31, 2019)*

10) *Badminton World Tour (June 1, 2018 through May 31, 2021).*

11) *Nuevas Metas (July 1, 2018 through June 30, 2021).*

12) *Barcelona Equestrian Challenge (January 1, 2019 through December 31, 2021).*

13) *Universo Mujer II (January 1, 2019 through December 31, 2021).*

14) *Logroño 2021, nuestro V Centenario (October 1, 2018 through September 30, 2021).*

15) *Centenario Delibes (July 1, 2019 through June 30, 2021).*

16) *Año Santo Jacobeo 2021 (October 1, 2018 through September 30, 2021).*

17) *VIII Centenario de la Catedral de Burgos 2021 (December 1, 2018 through November 30, 2021).*

18) *Deporte Inclusivo (July 1, 2018 through June 30, 2021).*

19) *Plan 2020 de Apoyo al Deporte de Base II (January 1, 2019 through December 31, 2021).*

20) *España, Capital del Talento Joven (July 1, 2018 through December 31, 2020).*

21) *Conmemoración del Centenario de la Coronación de Nuestra Señora del Rocío (1919-2019) (September 1, 2018 through September 30, 2020).*

22) *Traslado de la Imagen de Nuestra Señora del Rocío desde la Aldea al Pueblo de Almonte (September 1, 2018 through September 30, 2020).*

23) *Camino Lebaniego (January 1, 2019 through December 31, 2021).*

24) *European Year of Cultural Heritage (2018) (July 1, 2018 through December 31, 2018).*

25) *Expo 2020 Dubai (October 1, 2019 through October 31, 2021).*

26) *Enfermedades Neurodegenerativas 2020. Año Internacional de la Investigación e Innovación (January 1, 2018 through December 31, 2020).*

27) *Camino de la Cruz de Caravaca (September 1, 2017 through August 31, 2019).*

28) *XXV Aniversario de la Declaración por la UNESCO del Real Monasterio de Santa María de Guadalupe como Patrimonio de la Humanidad (December 8, 2018 through December 31, 2020).*

29) *AUTOMOBILE BARCELONA 2019 (September 1, 2018 through September 1, 2021).*

It has also extended the lengths of the support programs for the following events:

1) *Fourth Edition of Barcelona World Race (October 1, 2020 through October 1, 2023).*

2) *V Centenario de la expedición de la primera vuelta al mundo del Fernando de Magallanes y Juan Sebastián Elcano (May 8, 2017 through May 7, 2020).*

3) *XXV Aniversario de la Declaración por la UNESCO del Real Monasterio de Santa María de Guadalupe como Patrimonio de la Humanidad (January 1, 2017 through December 31, 2019).*

4) *40 aniversario del Festival Internacional de Teatro Clásico de Almagro (January 1, 2017 through December 31, 2019).*

5) *I Centenario del Parque Nacional de Ordesa y Monte Perdido (January 1, 2017 through December 31, 2019).*

6) *I Centenario del Parque Nacional de los Picos de Europa (January 1, 2017 through December 31, 2019).*

7) *VIII Centenario de la Universidad de Salamanca (November 1, 2015 through April 30, 2020).*

8) *Cantabria 2017, Liébana Año Jubilar (April 16, 2015 through December 31, 2018).*

9) *20 Aniversario de la Reapertura del Gran Teatro del Liceo de Barcelona y el bicentenario de la creación de la Societat de Accionistes (June 1, 2016 through December 31, 2020).*

10) *Prevención de la Obesidad. Aligera tu vida (January 1, 2016 through December 31, 2019).*

5.4.2 Priority patronage activities

Following suit from previous years, it contains a list of priority patronage activities and programs for the purposes of applying the tax incentives established for them in Law 49/2002.

For these activities, as in previous years, the tax credit rates and limits established in Law 49/2002 will be raised by five percentage points. The €50,000 limit per year and contributor for a few of the activities indicated is retained.

5.5 Public Multi-Purpose Income Indicator

The Public Multi-Purpose Income Indicator applied in the personal income tax legislation, for example, (in relation to the exemption for economic assistance granted by public institutions to people with disabilities or to people aged over 65 to finance time spent at residential homes or day centers) is set, for 2018, at the following amounts:

- Daily public multi-purpose income indicator €17.93.
- Monthly public multi-purpose income indicator: €537.84.
- Annual public multi-purpose income indicator: €6,454.03.

It also sets out that where any reference to the minimum wage has been replaced by a reference to the Public Multi-Purpose Income Indicator (as occurs in the exemption mentioned above), the annual indicator is 7,519.59 euros, provided that the reference to the minimum wage involves the annual figure (unless the nonregular salary payments are expressly excluded; in this case, the amount is €6,454.03).

5.6 Legal interest rate for money and late-payment interest

Until December 31, 2018, the legal interest rate for money amounts to 3%, and the late-payment interest rate, 3.75%.