

Tax measures introduced by Royal Decree-Law 8/2023 and other approved tax amendments

During the last days of December 2023, the following Decree-laws were published in the Spanish Official State Gazette passing different tax measures and taxes to be applied in fiscal year 2024 or, in some cases, in fiscal year 2023 itself:

The Royal Decree-Law 8/2023, of December 27, adopts measures to address the economic and social consequences arising from conflicts in Ukraine and the Middle East, as well as to mitigate the effects of drought. The main measures are the following:

- Regarding Corporate Income Tax, the measure establishing the freedom of amortization in the investments made in facilities for self-consumption of electric energy and thermal use is extended.
- In relation to VAT, the reduced rates applicable to energy products are extended and the 0% tax rate for certain foodstuffs is maintained.
- In relation to the Special Tax on Electricity, the tax rate of 2.5% is established, which will increase as from June 30, 2024, becoming 3.8%.
- In relation to Personal Income Tax, it establishes measures focused on the self-employed.
- It extends the validity of the Temporary Solidarity Tax of Great Fortunes.
- It updates the amounts of the maximum coefficients to be applied for the determination of the taxable base of the Tax on the Increase in the Value of Urban Land.

- Modifications are introduced in the Economic and Fiscal Regime of the Canary Islands.
- The temporary taxes on energy and credit institutions and financial credit establishments are extended.

The Royal Decree 1171/2023, of December 27, amends the Value Added Tax Regulations, approved by Royal Decree 1624/1992, of December 29; the Special Taxes Regulations, approved by Royal Decree 1165/1995, of July 7, and the Regulations on Mutual Agreement Procedures in Direct Taxation Matters, approved by Royal Decree 1794/2008, of November 3.

This Royal Decree establishes relevant technical modifications to VAT and Special Taxes procedures.

The Royal Decree-Law 6/2023, of December 19, approves urgent measures for the implementation of the Recovery, Transformation, and Resilience Plan concerning the public service of justice, public administration, local governance, and patronage.

This Royal Decree has among its fundamental purposes the digital and procedural transformation of the Administration of Justice, the speeding up of the processing and resolution of judicial processes or the support to small cities in the deployment and provision of public services.

In this alert, we highlight the main novelties approved by the aforementioned Decree-laws, emphasizing the measures and extensions that have been taken regarding VAT and other tax-related measures related to corporate income tax.

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