

# A WELCOME TAX - BDO ABOGADOS

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**An important new tax measure in Spain for 2013 is the legislation that will give companies a one-off possibility to re-evaluate their balance sheet, says Carlos López, Head of Tax at BDO Abogados y Asesores Tributarios.**

Una medida clave en las reformas fiscales en España es la nueva ley que permite a las empresas re-evaluar sus balances en un régimen voluntario, afirma Carlos López de BDO Abogados.

As of January 1st, 2013, companies can now update or increase the value of assets with the limit of market value, while at the same time taking into account any corresponding depreciation – in the case of real estate, the depreciation of building, not the land.

While aiming to help companies with their internal financing, however, explains López, it is also a

method of the Government collecting additional taxes, as companies must pay them a tax of five percent of the increase in value of the assets. Under the 1996 legislation, he adds, the tax was only three percent, which is the only real criticism against the new measure.

And this is a voluntary regime, explains López, so if companies don't comply there are no repercussions. "But clients are very eager to opt in, as it can prove very advantageous to improve their balance sheets."

Companies need to be very careful, however, he warns, as there are also potential risks and it is not always a good opportunity for them to increase the value.

"Given the crisis, many companies may not have the liquidity to pay the five percent tax which must be paid in July 2013, so it could potentially put them in a difficult situation."

With so many recent changes to legislation and increasing tax pressures, this new measure is, on balance, good news for companies, says López. To take advantage, however, they only have until June 30th, 2013 to do so, and would be advised to start the process as soon as possible.