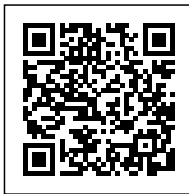


# WEALTH GENERATION - ROCA JUNYENT

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## **Taxing the rich may be a contentious issue in the crisis, but the Spanish Government has made its intentions clear in targeting high-net worth individuals**

La presión tributaria a los “ricos” es un tema contencioso en tiempos de crisis, pero el Gobierno español ha expresado sus intenciones de dirigirse a los individuos con rentas altas, dice Isidro del Saz de Roca Junyent.

In a bid to make the country more attractive for investment, the Spanish Government got rid of its long-standing wealth tax in 2008.

“This lasted just three years as it was reintroduced in 2011 as a supposedly ‘temporary’ measure, then renewed for 2012 and, more recently, 2013,” says Isidro del Saz, Head of Roca Junyent’s Madrid

office.

The tax was intended to generate additional revenue following the economic crisis. It is applied to the assets of individuals in excess of €700,000 rather than income (considerably higher than the €108,000 previous rate). Assets include real estate, which does receive a discount, vehicles, intellectual property rights, jewellery and financial assets.

The 17 autonomous regions have the power to modify the amount to be paid, with the current tariffs mostly running between 0.2 and 2.5 percent.

The current situation, however, says del Saz, has resulted in different regions choosing different regimes. Madrid, for example, has waived the tax entirely.

"The fact that the different regions can set different rates has led to tension," he explains. "High-net worth individuals can easily transfer their residency to avoid the liabilities." Individuals, however, still need to comply with the declaration process or face penalties of between 50 percent and 150 percent of the tax bill.

"While the tax is meant to be on an interim basis, the Government will have to decide if it wants to keep it or scrap it by the end of 2013," del Saz says. "The danger of too much taxation is that rich people will just decide not to declare their assets and pay the tax on them but, instead, just relocate abroad."

He warns that the decision to keep the tax or to set national rates runs the risk of driving away high-net worth individuals with the potential to invest in the country.