



On 18 November 2022, the amendments to the Law Proposal for the establishment of temporary energy taxes and credit institutions and credit financial establishments were published in the Official Gazette of the General Courts ([link](#)). As a result of any of these amendments, which will be referred to as the Proposal of Law for the establishment of temporary energy and credit institutions and financial credit establishments taxes, and by which the Temporary Solidarity Tax on Substantial Estates is created, and certain tax rules are modified.

1) Applicable to estates which exceed €3,000,000

The foregoing in response to the fact that one of the published amendments added to the Proposed Law to create the Temporary Tax on Solidarity on Substantial Estates (hereinafter, “**Tax on Substantial Estates**”). This new Tax will be a direct tax which is personal and in addition to the Estate Tax, which will tax the net assets of individuals exceeding €3,000,000.

In relation to the net assets taxed by the Substantial Estates Tax, although it is true that the taxable event thereof will be the ownership by the taxpayer of net assets greater than €3,000,000, the published amendment provides that the exemptions of Law 19/1991, of 6 June, from the Estate Tax (hereinafter, “**LIP**” [Ley de la Impuesto sobre el Patrimonio], as well as a reduction of the taxable base, as minimum exempt, by €700,000, will apply.

Therefore, for practical purposes, the Substantial Estates Tax will apply only to taxpayers whose net assets exceed €3,700,000. And, in the event that the taxpayer has a home, it will apply in those cases where the net equity is greater than €4,000,000 (as a result of the exemption provided for the home).

2) State Authority

The State will be responsible for the management, payments, collections, inspections and reviews of the Tax on Substantial Estates; without this being subject to assignment to the Autonomous Communities.

3) Initial term for 2022 and 2023

The Substantial Estates Tax is set up as a new tax with a temporary limited term of validity, since it is expected to be applicable in the first two fiscal years in which it accrues apart from its entry into force. The approval of the Proposed Law will occur during the upcoming weeks; therefore, its first accrual will occur on 31 December 2022 and, therefore, it will be applicable in the 2022 and 2023 fiscal years.

Notwithstanding the foregoing, the articulation of the amendment by which the Substantial Estates Tax is created compels the Government to carry out an assessment of it to assess its results and propose, and as applicable, its maintenance or deletion.

4) Calculation is identical to that which corresponds to the Estate Tax

Finally, by reference to the LIP, the most relevant tax elements of the Substantial Estates Tax are as follows:

-  The taxable base will be comprised of the value of the net assets of the taxpayer. The net assets will be determined by the difference between the value of the assets and rights held by the taxpayer and the actual burdens and encumbrances, when the value of the respective assets or rights is diminished, and the personal debts or obligations that the taxpayer is responsible for repaying. For the determination of the tax base, the rules contained in the LIP will apply.
-  Accrual will occur on 31 December of each year.
-  The tax scale will be as follows:

Payable Base – Up to Euros	Tax – Euros	Remainder of Payable Base – Up to Euros	Applicable Type – Percentage
0.00	0.00	3,000,000.00	0.00
3,000,000.00	0.00	2,347,998.03	1.70
5,347,998.03	39,915.97	5,347,998.03	2.10
10,695,996.06	152,223.93	Hereinafter	3.50

- ☐ The full amount of the Substantial Estates Tax, together with the fees of the Individuals' Income Tax (hereinafter, **"IRPF" [Renta de las Personas Físicas]**) and the Estate Tax (hereinafter, **"IP" [Impuesto sobre el Patrimonio]**), may not exceed, for taxpayers subject to this tax by personal obligation, 60% of the amount of their personal income tax basis (calculated in accordance with the rules of the LIP), to the extent that the corresponding reduction does not exceed 80%.
- ☐ The deduction for taxes paid abroad is also foreseen under the terms established in the LIP.
- ☐ From the fee resulting from the Substantial Estates Tax, the taxpayer may deduct the IP fee for the current fiscal year as it was actually paid.
- ☐ Taxpayers with applicable liabilities for taxes will be obligated to present a corresponding filing.