

End-of-year tax measures: Pillar 2 in Spain, new taxes and other important tax news

Tax Alert



December 2024

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The Official State Gazettes published at the end of 2024 featured a number of regulatory provisions with a major impact on taxation. In this connection:

- 21 December 2024 saw the publication of [Law 7/2024 of 20 December 2024](#), establishing a top-up tax to ensure global minimum taxation for multinational enterprise groups and large-scale domestic groups, a tax on the net interest and commission income of certain financial institutions and an excise duty on liquids for e-cigarettes and other tobacco-related products, and amending other tax laws.
- Shortly afterwards, on 24 December, various Royal Decree-Laws were published but have yet to be ratified, namely: [RD-Law 9/2024](#), adopting urgent economic, tax, transport and social security measures and extending the term of certain measures to address situations of social vulnerability -some of which amend those published a few days earlier in Law 7/2024; [RD-Law 10/2024](#), implementing a temporary energy levy in 2025; and [RD-Law 11/2024](#), improving the compatibility of retirement pensions with occupational activity.

Law 7/2024 commenced its passage through parliament with the primary aim of enacting the **top-up tax** in Spain, in line with this country's OECD Pillar 2 commitments. However, during this process, a number of additional measures have been included, significantly broadening its scope and affecting different aspects of the tax system.

These measures include, most notably:

- **Corporate income tax (CIT)** measures to reinstate certain limits provided for in Royal Decree-Law 3/2016 that were declared unconstitutional by the Constitutional Court (judgment of 18 January 2024), and to extend the 50% limit on the offset of individual tax losses incurred by entities forming part of a tax group for a further two years (2024 and 2025). The measures also include amendments to the capitalisation reserve and a staggered reduction in tax rates for entities with revenues of less than Euros 1 million and small companies.
- An increase in the **personal income tax** rate applicable to the savings component of taxable income.
- The approval of a new **tax on financial institutions**.
- The establishment of a new **tax on the liquids used in e-cigarettes**, and an increase in the tax on tobacco products.

- Other **more specific** measures, such as the changes introduced with a view to combating VAT fraud in the oil and gas sector, the application of a reduced VAT rate of 4% to fermented milk, and a personal income tax and inheritance and gift tax exemption for donations made to those affected by the flooding in Valencia.

Law 7/2024 entered into force on 22 December 2024 (the day following the date of its publication in the Official State Gazette) and will apply to tax periods commencing on or after 31 December 2023. Notwithstanding, it is important to check when each particular new measure is set to enter into force, as some will take effect in 2024 -in the case of tax periods that had not ended at the date of publication in the Official State Gazette-, while others will take effect as of 2025, and certain others, from the day following the date of publication in the Official State Gazette (or, more specifically, as of 31 December 2023 in the case of Pillar II).

Just days after the approval of Law 7/2024, the Government passed Royal Decree-Laws 9/2024, 10/2024 and 11/2024 to incorporate further tax and other measures, some of which amend those introduced by Law 7/2024 itself.

We discuss below the most significant new tax measures provided for in Law 7/2024 and Royal Decree-Laws 9/2024 and 10/2024.

TOP-UP TAX (Pillar 2 or minimum global taxation)

The newly approved Law introduces Spain's new top-up tax ("TT") with the aim of ensuring a global minimum effective tax rate of 15% for **large-scale groups with consolidated revenues exceeding Euros 750 million**, wherever they may operate.

This tax, effective for years commencing on or after 31 December 2023, is based on the OECD's Pillar Two framework and is mandatory in the European Union ("EU") per Directive 2022/2523.

The TT is envisaged as a direct personal tax, applicable throughout Spain. The tax may take one of three interrelated forms, namely: the domestic, primary or secondary top-up taxes. All forms of the tax are governed by one of two fundamental rules, namely, an income inclusion rule, in the case of the first two types, and an undertaxed profit rule, in the case of the third.

The aim of the new tax is to ensure minimum effective taxation of 15%, this being particularly significant in jurisdictions with very low tax rates. The TT **base** is calculated on the basis of the adjusted financial net income or loss of the constituent entities of the large-scale domestic or multinational enterprise group. The relevant adjustments include, *inter alia*, dividends from certain holdings, income from the transfer of shares and expenses arising from fines exceeding Euros 50,000. In addition, specific rules are applied to adjust intra-group transactions and determine the gains linked to the economic substance of the entities concerned, having regard to factors such as costs associated with personnel and tangible assets.

Mechanisms are also envisaged whereby certain entities are exempted from tax liability in specific circumstances. One such mechanism is the so-called *safe harbour*, under which constituent entities located in jurisdictions where the level of taxation meets global minimum standards are not subject to primary top-up tax. Also, the filing of a qualifying country-by-country report may exempt taxpayers from the obligation to pay the tax in certain fiscal years.

The new Law includes **mechanisms to avoid double taxation** and ensure that the tax burden is appropriately distributed among the constituent entities, while setting out specific rules for allocating the tax liability in cases of tax consolidation. It also establishes a framework for managing the tax, which includes self-assessment deadlines, *de minimis* exclusions for small jurisdictions and special regimes adapted to specific circumstances, such as restructurings or joint ventures.

These provisions are supplemented by **specific rules** for identifying the taxpayer, distributing the tax debt among the group's constituent entities and managing the tax. These rules include detailed reporting obligations and the possibility of designating one entity to file on behalf of the group. Special regimes and exclusions are also established for entities possessing certain characteristics, such as non-profit organisations and investment funds.

At the same time, the Law amends other regulatory provisions to align them with the new tax landscape. Specifically:

- In the case of a tax inspection, the Law provides that, in general, the only taxable person affected will be the "substitute" taxpayer.
- It amends the General Tax Law (GTL) to the effect that inspections relating to this tax may last up to 27 months.
- It amends both the Spanish General Chart of Accounts and the standards for the preparation of consolidated annual accounts with regard to recognition for accounting purposes of the minimum tax and the related disclosures to be included in the annual accounts.

The implementing regulations regarding the tax are currently in the public consultation phase.

CORPORATE INCOME TAX (CIT)

With respect to CIT, the following amendments have been introduced:

1 Non-deductible expenses

For tax periods commencing on or after 1 January 2024, article 15 b) of Corporate Income Tax Law 27/2014 of 27 November 2014 (the "CIT Law") is amended to the effect that expenses incurred in accounting for the top-up tax will not be considered tax deductible.

Income arising from such accounting will not be treated as such.

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2 **Reinstatement of the measures that were declared null on grounds of unconstitutionality, as declared by the Constitutional Court in judgment 11/2024**

The CIT Law is amended to reinstate tax measures that had been declared null and void in Constitutional Court judgment 11/2024. More specifically, effective for tax periods commencing on or after **1 January 2024** and that have not ended upon the entry into force of this Law, the following measures are reintroduced:

- **Reinstatement of the limits on the offset of tax losses**

The limits on the offset of tax losses provided for in additional provision fifteen of the CIT Law are reinstated. This, in turn, brings back the restrictions on the offset of tax losses for large companies with revenues of at least Euros 20 million in the 12 months preceding the date on which the tax period commenced. Such companies will thus be subject to the following limits on the offset of tax losses:

- ✓ **50%** where the company's revenues in the 12 months preceding the date on which the tax period commenced were between Euros 20 million and Euros 60 million.
- ✓ **25%** where the company's revenues in the aforementioned 12-month period were at least Euros 60 million.
- ✓ No amendments have been introduced **for other companies**, which thus remain subject to a **70%** limit.
- **Limit on the use of tax credits for the avoidance of domestic and international double taxation**

Companies with revenues of at least Euros 20 million in the 12 months preceding the date on which the tax period commenced are once again subject to a limit of 50% of the gross tax payable for the year for the purpose of using tax credits for the avoidance of domestic and international double taxation, as regulated in articles 31, 32, 100.10 and transitional provision 23 of the CIT Law. This measure is reincorporated into additional provision 15 of the CIT Law.

- **Reversal of impairment losses on shares prior to 2013 (new subparagraph 3 of transitional provision 16 of the CIT Law)**

For tax periods commencing on or after 1 January 2016, [RD-Law 3/2016](#) introduced a reversal regime whereby impairment losses deducted for tax purposes prior to 1 January 2013 and pending reversal at 31 December 2015 must be included, in at least five equal parts, in the tax base for the first tax period commencing on or after 1 January 2016 and those immediately subsequent thereto.

Law 7/2024 has now added a new subparagraph 3 to transitional provision 16 of the CIT Law whereby all impairment losses on holdings that were tax deductible in tax periods commencing prior to 1 January 2013 and pending reversal at the end of the last tax period prior to the entry into force of the Law must be reversed. This measure affects all taxpayers, irrespective of their revenues.

The reversal must be performed in the first three tax periods commencing on or after 1 January 2024.

The Law also provides that income arising from automatic reversal may be offset against tax losses incurred prior to 2021, in respect of which the 25% and 50% limits referred to above do not apply (the 70% limit would, however, be applicable).

- **Extension of the limit on the offset of tax losses of entities that file consolidated tax returns to 2024 and 2025**

The limit on the inclusion of tax losses incurred during the year under a tax consolidation regime has been extended to **2024 and 2025**. This measure had been provided for, on an exceptional basis for 2023, in additional provision 19 of the CIT Law.

The extraordinary measure initially introduced for 2023

This measure, applicable to years commencing in 2023, limited the offset of tax losses incurred by a group entity during the year, to the effect that only 50% of such losses would be taken into consideration.

The group tax base for 2023 would have been calculated by aggregating the individual tax bases of the entities comprising it and including: (i) 100% of individual taxable income and (ii) only 50% of individual tax losses.

The amount of tax losses not offset in 2023 as a result of this measure will be included in the group's tax base in ten equal amounts over the following ten tax periods, even if the entity that incurred such tax losses leaves the tax group.

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This system of including the tax losses in equal amounts over the course of ten years will likewise not apply in the event of break-up of the tax group or forfeiture of tax group status, in which case any tax losses still available for offset must be included in the tax group's tax base in the last tax period in which the group is taxed under the consolidated regime.

Amendments under Law 7/2024

Under Law 7/2024, this measure is extended to tax periods commencing in 2024 and 2025 (not applicable to foundations subject to the general regime). Any adjustments made in accordance with the Law will be reversed in equal amounts over the following ten years. Specifically:

- Any amounts not offset in 2023 will be included in the tax group's tax base in equal amounts over the first ten consecutive tax years commencing on or after 2024.
- Any amounts not offset in 2024 must be included in the tax group's tax base in equal parts over the ten consecutive tax periods commencing on or after 1 January 2025.
- Any amounts not offset in 2025 will be included in the tax group's tax base in equal parts over the first ten consecutive tax periods commencing on or after 1 January 2026.

3 Capitalisation reserve

Effective for tax periods commencing on or after 1 January 2025, the treatment of the capitalisation reserve has been improved, enabling the tax base to be reduced by the percentage increase in equity, subject to certain requirements. More specifically, the incentive is increased from 15% to 20% -or up to a maximum of 30%, subject to an increase in the taxpayer's workforce-.

The maximum limit on the reduction of the preliminary tax base by the amounts allocated to the capitalisation reserve is also increased from 10% to 20% (and 25% in the case of micro-enterprises).

| % from 1 January 2025 onwards | Increase in the average headcount compared to the average headcount in the preceding tax period | Additional requirement |
|-------------------------------|---|------------------------|
| 20% | N/A | N/A |

| | | |
|-------|---|--|
| 23% | 2% to 5% increase in the average headcount | Maintaining the increase in headcount for three years following the end of the period. |
| 26.5% | 5% to 10% increase in the average headcount | |
| 30% | Increase of more than 10% in the average headcount. | |

Note that this is the second amendment affecting the capitalisation reserve in 2024. The first amendment was introduced by means of RD-Law 4/2014 and is effective for tax periods commencing on or after 1 January 2024. RD-Law 4/2024 increased the reduction from 10% to 15% and reduced the period over which the entity's equity increase must be maintained (except in the case of accounting losses) and the capitalisation reserve restricted from five to three years.

4 Unrestricted depreciation for investments fuelled by energy from renewable sources

Effective from 1 January 2025, RD-Law 9/2024 extends the incentive consisting of unrestricted depreciation for investments in electricity and thermal energy self-supply facilities using energy from renewable sources and replacing facilities that use non-renewable fossil fuels. The above facilities may become operational in 2025.

5 Reduced tax rate for micro-enterprises and small companies

For tax periods commencing on or after 1 January 2025, the Law introduces new reduced CIT rates for:

- Taxpayers whose revenues for the prior tax period fell below Euros 1 million. For these purposes, regard should be had to the rules set out in subparagraphs 2 and 3 of article 101 of the CIT Law, i.e. revenues will be adjusted to reflect a full year where activities commenced during the tax period, or where the duration of the immediately preceding tax period was less than one year, and the revenues of all of the group entities will be taken into account, per article 42 of the Commercial Code.

The Law also explains how to calculate the portion of an entity's tax base that is taxed at the reduced rate where the duration of the tax period is less than one year.

- Taxpayers classed as small companies, per the terms of article 101 of the CIT Law.

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The lowering of the reduced tax rates is to be staggered over several tax periods, as shown in the table below:

| Year | Micro-enterprise | Small company |
|------------|---|---------------|
| 2025 | Tax base between €0 and €50,000: 21% Remaining tax base: 22% | 24% |
| 2026 | Tax base between €0 and €50,000: 19% Remaining tax base: 21% | 23% |
| 2027 | Tax base between €0 and €50,000: 17% Remaining tax base: 20% | 22% |
| 2028 | Tax base between €0 and €50,000: 17% Remaining tax base: 20% | 21% |
| Thereafter | Tax base between €0 and €50,000: 17% Remaining tax base: 20% | 20% |

The CIT rate of cooperatives subject to preferential tax treatment has also been amended, effective for tax periods commencing on or after 1 January 2025.

These entities will be taxed at the rate resulting from reducing the general tax rates provided for in article 29.1 of the CIT Law by three percentage points. However, the resulting rate may not exceed 20%. Income from non-cooperative activities will nevertheless be taxed at the general rates provided for in article 29.1 of the CIT Law.

Meanwhile, the tax rates applicable to credit cooperatives and rural savings banks will be the general rates provided for in article 29.1 of the CIT Law, although income from non-cooperative activities will continue to be taxed at a rate of 30%.

Bear in mind that the CIT Law provides for other reduced tax rates, such as the 15% rate that may be applied by newly-created entities in the first tax period in which they recognise taxable income and in the following tax period, and the 15% rate for start-ups.

The minimum net tax payable under article 30 bis is amended accordingly to adapt it to the new tax rates.

PERSONAL INCOME TAX (PIT)

1 Increase in the marginal rates applied to the savings component of taxable income for PIT purposes

The measures introduced by Law 7/2024, effective from 1 January 2025, include an increased tax rate for income exceeding Euros 300,000 included within the savings component of taxable income (applicable to interest, dividends, savings insurance and capital gains). Thus, an increase of two percentage points (i.e. from 28% to 30%) in the tax rate applicable to such income exceeding Euros 300,000 is approved, as detailed below:

2024 tax scale:

| Savings component of net taxable income Up to Euros | Gross tax payable Euros | Remainder of the savings component of net taxable income Up to Euros | Rate currently applicable |
|--|----------------------------|--|---------------------------|
| 0 | 0 | 6,000 | 19% |
| 6,000.00 | 1,140 | 44,000 | 21% |
| 50,000.00 | 10,380 | 150,000 | 23% |
| 200,000.00 | 44,880 | 100,000 | 27% |
| 300,000.00 | 71,880 | Thereafter | 28% |

Tax scale applicable from 2025 onwards:

| Savings component of net taxable income Up to Euros | Gross tax payable Euros | Remainder of the savings component of net taxable income Up to Euros | Rate currently applicable |
|--|----------------------------|--|---------------------------|
| 0 | 0 | 6,000 | 19% |
| 6,000.00 | 1,140 | 44,000 | 21% |
| 50,000.00 | 10,380 | 150,000 | 23% |
| 200,000.00 | 44,880 | 100,000 | 27% |
| 300,000.00 | 71,880 | Thereafter | 30% |

The tax scale applied to savings income subject to the special tax regime applicable to workers posted to Spain (inbound expatriate regime) is also amended.

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2 The earned income threshold is increased for the purposes of the requirement to file a PIT return

Under RD-Law 9/2024, effective for 2025, the total permissible amount of earned income from second and subsequent payers is increased to Euros 2,500, taking the earned income threshold above which a PIT return must be filed to Euros 22,000.

3 Extension of the application of certain tax credits

Tax credits for works undertaken to improve the energy efficiency of residential properties.

The tax credit for energy efficiency improvements in residential properties, originally approved on a temporary basis under Royal Decree-Law 19/2021, has been extended for an additional year, until 31 December 2025. This period of application was previously extended through Royal Decree-Laws 18/2022 and 8/2023.

Under RD-Law 9/2024, the period of application of the above tax credit has now been extended for a further year. The remaining deadlines envisaged in the regulations governing these credits (i.e. the deadline by which the residential properties on which the works in question are performed must be leased, and the deadline for issue of the relevant energy efficiency certificate) are also extended for one year with respect to those initially envisaged.

Tax credit for the acquisition of “plug-in” and fuel cell electric vehicles and charging stations.

The above RD-Law also extends the deadline for applying two PIT incentives to encourage private individuals to purchase electric vehicles.

In this connection, the following benefits are extended until 31 December 2025:

- Tax credit for the acquisition of new plug-in electric vehicles.
- Tax credit for the installation of charging stations.

4 Exemption of donations made in respect of the floods in Valencia

Any donations made by companies to their employees are declared exempt from personal income tax and inheritance and gift tax. This exemption covers any extraordinary amounts paid by employers to cover personal injury and material damage to housing, belongings and vehicles suffered by their employees and/or their relatives as a result of the flooding in 2024.

For these purposes:

- Any amounts paid by employers to their employees over and above their salary to cover damage caused by the flooding shall be considered extraordinary.
- Proof of flood victim status and the amount of the damage must be provided.
- The exemption will be limited to amounts paid between 29 October 2024 and **31 December 2024**, up to the certified damage limit.

The amounts received by the employees will be included in their taxable income to the extent that they exceed the amount of the damages certified by the insurance company.

5 Other personal income tax measures

- The channel for processing refunds derived from contributions to mutual funds is modified.
- Effective from 1 January 2025, the RD-Law provides for PIT reductions for both earned income and income from economic activities obtained in exceptional circumstances **in respect of artistic activities**.
- It incorporates an additional provision relating to personal income tax credits for energy efficiency improvement works approved by the competent institutions of the Basque Country (additional provision 1).
- The percentage of income attributed to ownership of real estate, where the cadastral values have been revised, amended or determined by means of a general collective valuation procedure in line with cadastral legislation, remains at 1.1% (instead of 2%), provided that the values in question entered into force as of 1 January 2012.
- The limits for application of the objective assessment method are extended, with the exception of agricultural, livestock and forestry activities, which have their own quantitative limit. In this regard, a new deadline is established for opting for the objective assessment method for calculating PIT and the simplified VAT regime.

VALUE ADDED TAX

Law 7/2024 and RD-Law 9/2024 also approved certain VAT amendments.

1 VAT measures in the oil and gas industry

A number of measures are introduced with a view to combatting VAT fraud in relation to oil and gas leaving tax warehouses.

The provisions introduced by Law 7/2024 include amendments to the VAT Law to ensure payment of the tax, including an authorisation system for the removal of products from tax warehouses, the requirement of guarantees for certain operators and the joint and several liability of the owners of tax warehouses. It also introduces new requirements for the possession and distribution of oil and gas.

RD-Law 9/2024 reduces the volume of product removals required to qualify as a trusted operator to 550 million, in an attempt to combine control of these operations with a smaller administrative burden on the operators concerned.

2 Reduction of the tax rate applicable to certain products

Law 7/2024 amends the rate applicable to fermented milk (i.e. yoghurts) to include it in the group of essential foodstuffs subject to the reduced VAT rate of 4%. However, it should be recalled that until 31 December 2024 specific rates applied to certain foodstuffs.

3 Other measures

- A public solution for the electronic invoicing obligation is to be developed.
- While not a measure introduced to enter into force with Law 7/2024, final provision 17 of the Law states that there is to be a push for amendment of the VAT Directive in the EU to make short-term rentals of residential properties in over-saturated areas subject to VAT, thereby including digital platforms within its scope. The relevant provisions of the Directive will be transposed as a matter of urgency.
- The limits for application of the simplified regime and the special regime for agriculture, farming and fishing are extended to apply in 2025 and a new deadline is established for waiver or revocation of the above VAT regimes.
- Issues affecting VAT on certain subsidies referred to in RD-Law 9/2024 are also addressed.

LOCAL TAXES

1 Tax on the increase in urban land value (TIULV)

RD-Law 26/2021 established a new system for determining the tax base for the TIULV, providing for two alternative calculation methods: (i) an objective calculation method; and (ii) an alternative method.

Under the objective method, the tax base is obtained by multiplying the cadastral value of the land in the year in which the conveyance takes place by rates based on the number of years over which the value has increased.

RD-Law 26/2021 set out a table of rates which, it noted, factored in the situation of the real estate market and would be updated on an annual basis.

RD-Law 9/2024 updates the maximum amounts of the coefficients to be applied as of 1 January 2025, as shown in the following comparison with the 2024 rates.

| Generation period | Coefficient 2024 | Coefficient 2025 |
|--------------------------------|------------------|------------------|
| Less than 1 year | 0.15 | 0.16 |
| 1 year | 0.15 | 0.15 |
| 2 years | 0.14 | 0.15 |
| 3 years | 0.14 | 0.15 |
| 4 years | 0.16 | 0.16 |
| 5 years | 0.18 | 0.18 |
| 6 years | 0.19 | 0.20 |
| 7 years | 0.20 | 0.22 |
| 8 years | 0.19 | 0.23 |
| 9 years | 0.15 | 0.21 |
| 10 years | 0.12 | 0.16 |
| 11 years | 0.10 | 0.13 |
| 12 years | 0.09 | 0.11 |
| 13 years | 0.09 | 0.10 |
| 14 years | 0.09 | 0.10 |
| 15 years | 0.09 | 0.10 |
| 16 years | 0.10 | 0.10 |
| 17 years | 0.13 | 0.12 |
| 18 years | 0.17 | 0.16 |
| 19 years | 0.23 | 0.22 |
| Equal to or more than 20 years | 0.40 | 0.35 |

2 Tax on economic activities (TEA)

Effective 1 January 2025, the **TEA** rates affecting artists of sacred art and the like have changed, such that these activities are now expressly included in group 861 of the second section of the TEA rates.

NEW TEMPORARY ENERGY LEVY FOR 2025

Following the repeal of the Energy Levy by Law 7/2024, RD-Law 10/2024 has introduced a new temporary energy levy for 2025, some of the features of which are detailed below:

- This **tax will be payable** by energy companies classed as main operators in the energy sectors in accordance with the National Markets and Competition Commission (CNMC) Resolution of 15 December 2023.

Nonetheless, certain exemptions are provided for where their revenues in 2019 fell below Euros 1,000 million, or where their revenues from the activity that led to their classification as the main operator in an energy sector in 2017, 2018 and 2019 did not exceed 50% of their total revenues each year.

RD-Law 10/2024 also lays down special rules for tax groups and corporate groups.

- The **amount payable** will be 1.2% of the operator's revenue from activities carried out in Spain in 2024, subject to a number of specific provisions, as certain taxes and income are excluded from this base and special provisions are included for operators taxed as part of a tax group or corporate group.
- The **payment obligation** in respect of the energy levy arises on 1 January 2025 and it must be paid within the first 20 days of September. An advance payment period is provided for (the first 20 days of June 2025).
- An **incentive for strategic investments** is provided for. The amount payable in respect of the levy will be reduced by the amount of any appropriations to a restricted reserve for strategic activities, as defined in the RD-Law itself.
- The amount of the contribution and related advance payments will not be deemed deductible expenses for the purposes of corporate income tax. The amount of the contribution and related advance payments may not be passed on, be it directly or indirectly.
- Although the levy is defined as a non-tax contribution for public purposes, the Government is set to review this classification

to incorporate it into the tax system during the course of 2025. The levy is also to be included within the Economic Agreements in place with the Basque Country and the Foral Community of Navarre, respectively.

EXCISE DUTIES

A number of changes and a new tax are proposed in the field of excise duties.

1 New excise duty on liquids for e-cigarettes and other tobacco-related products

An "excise duty on liquids for e-cigarettes and vapers, nicotine pouches and other tobacco-related products" is created.

Although Law 7/2024 provided that this duty would be effective from 1 January 2025, RD-Law 9/2024 has subsequently delayed its entry into force until 1 April 2025.

This duty will be levied on the manufacture, import and introduction into Spanish territory (excluding the Canary Islands and the autonomous cities of Ceuta and Melilla) of liquids for e-cigarettes, nicotine pouches and other nicotine products, other than those covered by the tax on tobacco products, where they are not considered medicinal products.

The relevant self-assessment for April, May and June is to be filed between 1 and 20 July 2025 - rather than between 1 and 20 April 2025 as originally envisaged. This duty will become chargeable on a monthly basis.

A detailed analysis of this new tax can be found in our [tax alert](#).

2 Changes to the excise duty on tobacco products

The excise duty on tobacco products is increased.

3 Changes to the tax on hydrocarbons

Law 7/2024 introduces changes to Law 38/1992 of 28 December 1992, on excise duties on "designer fuels" with a view to combatting fraud in the oil and gas industry.

More specifically, it provides that the invoice or equivalent document reflecting the charging of the tax or the relevant accompanying document will not suffice to demonstrate payment of the tax on hydrocarbons where:

- The presence of products other than duly authorised markers or tracers, or components

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permitted in the technical specifications, is detected in such hydrocarbons.

- The products have been acquired from operators not included in the list published by the National Energy Commission pursuant to the provisions of article 42.2 of Hydrocarbons Industry Law 34/1998 of 7 October 1998.

A detailed analysis of these measures can be found in our [tax alert](#).

NEW TAX ON THE NET INTEREST AND COMMISSION INCOME OF CERTAIN FINANCIAL INSTITUTIONS

The new tax on net interest and commission income replaces the temporary levy on credit institutions that was in force in 2023 and 2024.

Unlike its predecessor, which took the form of a non-tax contribution for public purposes, this is a **direct tax**.

- Its **purpose** is to tax the net interest and commission income obtained by credit institutions established in Spain, as well as Spanish branches of foreign credit institutions and financial establishments, expressly excluding income and expenses attributable to branches abroad.
- The **tax period** is one of the main aspects amended by RD-Law 9/2024. Law 7/2024 had stipulated that the tax would become chargeable on the day following the last day of the tax period (1 January for tax periods coinciding with the calendar year). However, RD-Law 9/2024 provides that the tax will become chargeable on the last day of the calendar month following the end of the tax period (i.e. 31 January for taxpayers with a financial year coinciding with the calendar year) and that chargeability is conditional upon the holding of taxpayer status at the chargeability date.
- The RD-Law provides that the tax base may be reduced by Euros 100 million, although on no account may it be negative.
- To calculate the **gross tax payable**, a progressive tax scale is established, ranging from 1% (for the first Euros 750 million of net taxable income) to 7% (as of Euros 5,000 million of net taxable income).

- Certain adjustment mechanisms are also provided for, such as the possibility of reducing the gross tax payable by 25% of the net corporate income tax or non-resident income tax payable for the same period.

RD-Law 9/2024 includes a new section on the adjusted gross tax payable in cases in which taxpayers are the acquirers in restructuring transactions with credit institutions, financial credit establishments or branches of foreign credit institutions.

The Law also provides for an **extraordinary tax credit** where the return on the taxpayer's total assets falls below the 0.7% reference value.

It also lays down a detailed framework for the management and assessment of the tax, including specific deadlines for self-assessments and instalment payments:

- The **self-assessment** must be filed within the first 20 calendar days of the eighth month following that in which the tax becomes chargeable, i.e. the first 20 days of September for institutions with financial years coinciding with the calendar year.
- **Instalment payments** must be made within the first 20 calendar days of the month following that in which the tax becomes chargeable (i.e. within the first 20 days of February where the tax period coincides with the calendar year), except for the instalment payment corresponding to 2024, which is to be made within the first 20 calendar days of the fifth month following that in which the tax becomes chargeable (i.e. within the first 20 days of June where the tax period coincides with the calendar year).

Other relevant aspects of the tax are its non-deductibility for corporate income tax/non-resident income tax purposes, as applicable, and its **validity**. In this regard, it will only be in force for the three consecutive tax periods commencing on or after 1 January 2024, i.e. in principle, 2024, 2025 and 2026.

A detailed analysis of this new tax can be found in our [tax alert](#).

OTHER MEASURES

- **Canary Islands Investment Reserve (CIIR).** Effective for tax periods commencing on or after 1 January 2025, the Canary Islands Economic and Tax Regime is amended as regards the **CIIR** (see final provision four). The amendment extends the scope of the Reserve, stating that amounts allocated to the CIIR may be used for the refurbishment of subsidised housing for rental to persons registered on the Public Register of Applicants for Subsidised Housing in the Canary Islands.
- **100% reduction in the employer contribution of not-for-profit non-professional sports organisations, associations and clubs.** A 100% reduction in the employer contribution for non-occupational contingencies at these types of entities is envisaged for the hiring of workers as coaches or monitors engaged in the training, preparation or coaching of minors (see additional provision two).
- RD-Law 9/2024 regulates the **tax regime applicable to the finals of the “UEFA Women's Champions League 2024” and the “UEFA Europa League 2025”**. This tax regime includes special measures that will affect the organising entity and participating teams and legal entities created by them, the natural persons providing services to the organising entity or participating teams, and the customs and tax regime applicable to imported goods and VAT refunds.
- The General Social Security Law is amended with regard to the compatibility of financial benefits for permanent disability with the holding of a job or pursuit of an activity for which a person is registered under a social security scheme.
- The **suspension of grounds for winding up is extended**, so that losses for 2020 and 2021 will not be taken into account until the close of the year commencing in 2026.

Moreover, companies incurring losses as a result of the flooding in Valencia will not include such losses for the purposes of ascertaining the existence of the ground for winding up on account of losses provided for in article 363.1.e) of the revised Spanish Companies Act until the close of the year commencing in 2026.

The notes to the annual accounts for 2024 and subsequent financial years must include specific information to identify any losses excluded from the calculation required to ascertain the existence of the above ground for winding up. This measure may have significant tax implications (i.e. for the tax consolidation regime).

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