

On 29 April 2020, the Parliament of Catalonia approved Law 5/2020 on fiscal, financial, administrative and public sector measures included in the 2020 budget, which came into force on 1 May 2020. We want to emphasize that that the 2017 budget has been extended over the years.

The approval of the budgets has introduced a series of modifications that affect both regional taxes and the regional portion of national ones.

These modifications are the political response to provide additional resources to the shrinking public coffers of that community.

We will analyze the modifications introduced in the main taxes as follows:

Personal Income Tax

With regard to personal income tax, the regional portion of the general tax base is modified and regulated as follows:

a) Scale applicable for tax periods from 2020 onwards:

Taxable basis up to euros	Entire amount Euros	Remaining liquidable base	Applicable percentage rate
0,00	0,00	17.707,20	12,00
17.707,20	2.124,86	15.300,00	14,00
33.007,20	4.266,86	20.400,00	18,50
53.407,20	8.040,86	66.593,00	21,50
90.000,00	15.908,31	30.000,00	23,50
120.000,20	22.358,36	55.000,00	24,50
175.000,20	35.283,36	Onwards	25,50

Thus, the main novelty is the introduction of a new bracket for incomes between 90,000 and 120,000 euros which will be taxed at the 23.50% tax rate and those between 120,000 and 175,000 euros at the 24.50% tax rate. As a result, the maximum regional rate is 25.50% for those taxable bases over 175,000 euros which, added to the maximum national rate, results in a total of 48%.

Finally, the minimum taxable amount is increased to 6,105 Euros for those people with a general taxable base and savings under 12,450 Euros.

Inheritance and Gift Tax

One of the main novelties is the modification of the tax liability by reintroducing the multiplier coefficients, with some variation from the Tax Law, depending on the kinship and pre-existing wealth group of the taxpayer:

Pre-existing assets (euros)	Parent groups		
	I and II	III	IV
From 0 to 500.000	1,0000	1,5882	2,0000
From 500.000,01 to 2.000.000,00	1,1000	1,5882	2,0000
From 2.000.000,00 to 4.000.000,00	1,1500	1,5882	2,0000
More than 4.000.000,00	1,2000	1,5882	2,0000

With regards to the rebates regulated in article 58 bis of Law 19/2010, they are regulated as follows:

a) For group I taxpayers (acquisitions by descendants under 21 years of age):

Taxable amount	Tax Credit (%)	Other taxable income	Marginal tax credit (%)
0,00	0,00	100.000,00	99,00
100.000,00	99,00	100.000,00	97,00
200.000,00	98,00	100.000,00	95,00
300.000,00	97,00	200.000,00	90,00
500.000,00	94,20	250.000,00	80,00
750.000,00	89,47	250.000,00	70,00
1.000.000,00	84,60	500.000,00	60,00
1.500.000,00	76,40	500.000,00	50,00
2.000.000,00	69,80	500.000,00	40,00
2.500.000,00	64,84	500.000,00	25,00
3.000.000,00	57,37	Onwards	20,00

b) For group II taxpayers (Acquisitions by descendants aged 21 or over, spouse, stable partner and ascendants)

Taxable amount	Tax Credit (%)	Other taxable income	Marginal tax credit (%)
0,00	0,00	100.000,00	60,00
100.000,00	60,00	100.000,00	55,00
200.000,00	57,50	100.000,00	50,00
300.000,00	55,00	200.000,00	45,00
500.000,00	51,00	250.000,00	40,00
750.000,00	47,33	250.000,00	35,00
1.000.000,00	44,25	500.000,00	30,00
1.500.000,00	39,50	500.000,00	25,00
2.000.000,00	35,88	500.000,00	20,00
2.500.000,00	32,70	500.000,00	15,00
3.000.000,00	28,92	Onwards	10,00

It should be mentioned that the changes introduced in the allowances do not affect the taxpayers who are the spouses of the deceased, who may continue to apply an allowance of 99%.

Finally, paragraph 4 of the same Article 58a, which establishes the incompatibility of the application of the rebates in case other reductions or exemptions have been applied.

In particular, the tax credits would be incompatible with the following reductions and exemptions:

- Goods and rights of an economic activity.
- Holdings in family entities.
- Rustic properties dedicated to forestry.
- Goods for agricultural exploitation.
- Cultural heritage goods.
- Natural heritage goods.

In this sense, the above-mentioned allowances may not be applied if any other reduction or exemption has been used, with the exception of the reduction for the main residence.

Tax on property transfers and documented legal acts.

In this section and regarding this tax, we highlight the following news:

- Introduction of a reduced tax rate of 5% on the purchase of property that constitutes the habitual residence of single-parent families.
It is required for the application of the reduced tax that the sum of the total taxable bases in the last income tax return of the single parent is less than 30,000.
- The resale period is reduced to 5 to 3 years for those real estate entities that apply the 70% rebate at the time of purchase of the property and resell it to a private individual.
- A 60% tax credit is introduced in the AJD quota for the public deed of incorporation of the horizontal property regime by plots.

Noteworthy modifications regarding own taxes.

Tax on stays in tourist establishments

The applicable rates for overnight stays in hotels and other establishments in Catalonia are significantly increased. In the case of overnight stays in 5-star hotels located in the city of Barcelona, the rate increases from 2.25 to 3.50 euros per day.

Finally, the possibility is introduced for the Barcelona City Council to regulate a surcharge for overnight stays in the city of Barcelona that cannot be more than 4 € for each of the categories mentioned.

With regards to other taxes specific to the region, in general, generalized tax rate increases have been introduced.

One of the most important new taxes is the tax on installations that affect the environment, which is levied on the production, transport and storage of electricity from non-renewable sources.