

Tax Alert

Tax on Non-Productive Assets of Legal Entities

30th May 2019

With the **Law 6/2017 of 9th May, Tax on Non-Productive Assets of Legal Entities** the Generalitat of Catalonia created a new tax that lies with the non-productive assets of legal entities, a tax that is specific to Catalonia. The purpose of this tax is to record the assets held by the taxpayer on the date on which the tax accrues, if they are not productive and are in Catalonia.

However, pending the Constitutional Court's ruling on the constitutionality of the tax, the tax had not yet been levied (even though the chargeable event had occurred on 30 June 2017). The situation changes with the Constitutional Court's Sentence 28/2019 of 28 February 2019, which declares the tax fully constitutional and adequate to the current legal framework, dismissing the appeal of unconstitutionality filed by the Central Government in 2017.

With the publication of Decree-Law 8/2019 of 14 May amending Law 6/2017 of 9 May on the tax on non-productive assets of legal persons, a deadline has been set for the presentation of the **years already accrued** (i.e. 2017, 2018 and 2019), to be settled between the months of **October and November 2019**. For subsequent years, the self-assessment of the tax must be submitted before **1 to 30 June of each year**. The self-assessment must be submitted online at the website of the Catalonia Tax Agency.

The tax is levied on certain **non-productive assets**, i.e. assets not assigned to the economic activity, as well as certain rights that fall on them, which are owned by the entities, but which are actually used by the partners (or their relatives) or are intended for the use or enjoyment of the workers (when it does not constitute a return in kind for them). Consequently, the tax would be levied on, among others, the habitual residence of the partners, their second homes, as well as cars and vehicles (in this case, when their power exceeds 200 horses); boats and aircraft, art objects, jewellery, etc.

The taxpayers are, in general terms, **companies** (specifically, legal persons) and **entities** that, without having legal personality, constitute a separate economic unit or patrimony subject to taxation, and in both cases must have a **mercantile object**. The tax liability is calculated based on the taxable base (made up of the sum of the assets), to which a progressive rate is applied, which could reach a maximum of 2.75% for bases greater than 10,695,996.06 euros.

For all these reasons, it is advisable that those companies that have **unproductive assets** in their assets or that have had them on the accrual date of previous years (30 June 2017 and 1 January 2018 and 2019), bear in



mind that the presentation period for 2017, 2018 and 2019 has been established between **1 October and 30 November 2019**. Likewise, in relation to the years to come, the tax on unproductive assets held in assets must be presented on 1 January, on days ranging from 1 to 30 June of the year following that in which the chargeable event occurs.

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