

legal memo

Madrid, February 2nd 2021

Spain: General Tax Control Plan for 2021

The Tax and Customs Annual Plan for 2021 was published on February 1st. Please find below the main activities and general directives and guidelines that will be subject to control and verification during 2021:

The **area of information and assistance** will be implemented through the following actions:

- (I) Consolidation of platforms designed to provide information and assistance services by electronic means through the use of different virtual communication channels (virtual assistant, census assistant, video-call, chat, email, etc.)
- (II) Update and continue development of the new tools regarding VAT assistance (calculator of deadlines for modification of taxable base, locator of supplies of goods and services, etc.)
- (III) Development of the <<Census Assistant>> as a tool to assist in the preparation and filing of the census declaration.
- (IV) Development of a new tool for census assistance called "Activity search engine" which, by entering the name of the activity carried out or to be carried out, will provide the taxpayer with all the tax information inherent to the activity: Business activity Ta epigraph, tax obligations, tax forms and filing deadlines, etc.
- (V) Consolidation of the mobile app "Agencia Tributaria".
- (VI) Assistance on the Personal Income Tax form.
- (VII) Improvement of the Personal Income Tax data document of all sources of income, both domestic and international notices in order to encourage voluntary compliance.
- (VIII) Consolidation of the tools to analyze and control the requests to rectify self-assessments in order to facilitate faster processing and resolution of said requests.
- (IX) Implementation of BigData analysis in the field of Personal Income Tax (specially in order to obtain data to prove the presence in the Spanish Territory of more than 183 days in the calendar year and the existence of the centre of vital interests and family ties with Spain (in turn, to prove the tax residence in Spain).
- (X) Improvement of the tax data made available to taxpayers.



- (XI) Electronic filling of tax form 05 to request the exemption and reduction of the Special Tax on Certain Means of Transportation.
- (XII) The Spanish Tax Authorities have developed a new tax form for 2021 that complies with the regulatory changes occurred in the area of distant acquisition and purchasers by final consumers in third countries in relation to VAT and customs regulations and guarantees.
- (XIII) Consolidation of the software related to the assistance in the taxpayer payment.
- (XIV) Changes in the webpage of the Spanish Tax Authorities.

In the **area of prevention of non-compliance and encouraging the voluntary compliance and fraud prevention**:

- (I) The Tax Authorities will review, through the census, inactive companies with little activity or without it.
- (II) Compliance with the filing of self-assessments and tax informative forms and returns.
- (III) Improvement in the quality of the information.
- (IV) Preventions in customs, special taxes and excise matters (strengthening of import and export actions and control of customs declarations).
- (V) Other preventive actions in order to guarantee tax bases and provide legal certainty to taxpayers.

In the **area of investigation and verification procedures of tax and customs fraud**, visits by tax agents to taxpayers may be of special relevance aimed at verifying the correct use of real estate owned by companies, control of leases of premises and correct census situation.

The use of hardware and software that allow and facilitate the alteration of accounting records of all types will continue to be a priority of attention and control in 2021. In addition, the Spanish Tax Authorities will continue verifying taxpayers who have repeatedly included in their tax returns negative tax bases to be offset (NOLs) and deductions to be applied in their tax returns.

The following priority lines of action will be pursued:

- (I) Sources of information and technological advances in risk analysis.
- (II) Control of internal taxes:
 - a. Multinational Enterprise and groups and major companies belonging to the business sectors that have been less conditioned by the effects of COVID-19.
 - b. Wealth analysis of private clients, especially when part of the wealth is located abroad or covered by the use of corporate intermediaries.



- c. Control of hidden business or professional activities and abusive use of companies.
- d. Control of economic activities (digital economy, VAT and Corporate Income Tax control activities, cryptocurrencies, Digital Services Tax, etc.)
- e. Other control actions related to internal taxes, such as control of cash paid or the development of a withholding calculation tool, collaboration with the labor and social security audit authorities; control of income obtained by non-resident artists and sportsmen and women who perform in the Spanish territory; implementation of BigData mechanisms in the area of Personal Income Tax and centralized verification activities of Non-Resident Income Tax and Inheritance and Gift Tax, etc.

In the **area of fraud control in the collection of tax debts phase:**

(I) Measures for prevention and control of tax fraud:

- a. Improvements in the assessment of collection risk.
- b. Prosecution of crimes against the Treasury and smuggling.
- c. Tax liabilities derivation of responsibility.
- d. Adoption of precautionary measures.
- e. Presence of collection offices.

(II) Other measures:

- a. Monitoring of apparent insolvencies.
- b. Cooperation with other public administrations.
- c. Implementation works of a new system for recording and tracking revenues managed through collaborating entities (NRCs).
- d. Control of outstanding debt in enforcement period, control of suspended and paralyzed debts and control of guarantees offered by the taxpayer.

Finally, in the **area of collaboration between the Tax Agency and the tax administration of the Autonomous regions**, it will be enhanced the exchange of information and the periodic transmission of the information contained in the tax returns corresponding to the taxes managed by the Autonomous regions.

We hope that you find this information useful. We remain at your entire disposal for any specific query on this or any other matter, or in case you require assistance with any tax matter.

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