



Agencia Tributaria

**TAX REVENUE
ANNUAL REPORT**

2014



TAX REVENUE PERFORMANCE

Total tax revenue managed by Spanish Tax Agency amounted to €174.99 billion in 2014 and grew by 3.6% in a year-to-year comparison.

The average increase of tax revenue in the last five years has been of 4.0%. In 2014 growth came from the improvement in the economic activity and its impact in tax bases, whilst in the period 2010-2013 the origin of the increase was higher taxes coming from the fiscal consolidation policy, and developed in a hard economic context.

Real **GDP** grew by 1.4% in 2014. After GDP bottomed at 2012 last quarter (-2.5%), economy was steadily gaining momentum, showing an increase of 2.0% in the last quarter of 2014. This progression strengthened in the first months of 2015.

Nominal aggregates, with a stronger link with tax collection, grew slowly due to the fall of energy prices. Economic recovery was based on the **domestic demand** (the aggregate more closely related to the tax bases). Nominal domestic demand dropped by 2.3% in 2013 and increased by 2.0% in 2014, with a faster recovery than the recorded by the GDP.

In 2014, the **aggregate tax base** of main taxes increased by 2.7% after six consecutive years of reductions, with a cumulative decline of almost 17%. The upturn was stronger in expenditure (4.3%) than in incomes (1.5%).

The additional impact on receipts in 2014 that came from **law changes** didn't weight much in 2014 tax collection. 2014 was a transition year, the positive impact of some measures being offset by the negative one of others, producing all together a final result of additional income -due to those changes- of €0.12 billion. This result contrasts with the significant additional revenues coming from the fiscal consolidation policy in force from 2010 to 2013. And 2014 has been defined as "transition year" because the fall in force in direct taxes will have a negative impact in 2015 and 2016 tax collection. Thus, with the slight positive effect of changes in 2014, ends the fiscal consolidation period, whose measures pushed up, between 2010 and 2014, tax collection in €37.62 billion.

The dim impact of law changes produced also changes in effective taxes rates smaller than the recorded in the previous years. The **effective tax rate** on income and spending increased slightly (0.1 pp) to reach 15.2%, from 12.4% in 2009.

The increase of the aggregate tax base and the slight growth of the effective tax rate lead to a rise in **revenues, on an accrual basis**, of 3.9%. Gaps in the evolution of accrual and cash in different taxes are close to counterbalance, producing a small net effect. Thus, **total tax revenue** grew in a similar way, by 3.6%, with an increase of 6.1% in indirect taxes, 3.2% in fees and other revenues and 1.7% in direct taxes.

Personal Income Tax revenue increased by 3.9%. The main drive came from job creation, and was supported by the rise of profits of individual entrepreneurs, the sustained growth of pensions and the strong rise of capital gains.



Corporation Income Tax revenue dropped by 6.2% because of transitory questions, given that profits grew and law changes increased the tax collection potential. In this context, the lower collection would be explained by extra charges created in 2012 but mostly collected in 2013; by the strong decrease of incomes from capital and by the high increase of 2014 refunds.

VAT revenue increased by 8.2%. After significant changes of tax rates established in previous years, no relevant changes applied to the VAT tax rate. The increase in tax collection was the result of the recovery of the tax base, particularly in household consumption. Furthermore, revenues of the year were pushed up by transitory elements, especially by the huge decrease in outstanding taxes.

Excise Taxes revenue in 2014 almost matched (0.2%) those of 2013. In general, 2014 was a year of returning to stability. The impact of law changes was lesser than the one of previous years. And consumptions, that from 2008 on had recorded important decreases, didn't vary significantly. The most significant change in trend fell on tobacco consumption, which tended to the stability after five years of sharp drops. Revenues fell in Electricity (-4.3%) and in Fuels (-2.1%), which were offset by increases in Alcohol (6.3%), Beer (6.5%) and Tobacco (1.9%).

The **Environmental Taxes** created in 2013 collected 1.62 billion in 2014, with an increase of 3.5%.

TOTAL TAX REVENUE
€ Millions

	2010	2011	2012	2013	2014	2014 (%)				
						10	11	12	13	14
Personal Income Tax	66.977	69.803	70.619	69.951	72.662	4,9	4,2	1,2	-0,9	3,9
Corporations Income Tax	16.198	16.611	21.435	19.945	18.713	-19,8	2,5	29,0	-7,0	-6,2
Non-Residents Income Tax	2.564	2.040	1.708	1.416	1.420	9,5	-20,4	-16,3	-17,1	0,2
Environmental taxes				1.570	1.625					3,5
Other Revenue	88	118	1319	167	195	19,4	33,4			16,9
DIRECT TAXES TOTAL	85.827	88.572	95.081	93.050	94.614	-0,7	3,2	7,3	-2,1	1,7
Value Added Tax	49.086	49.302	50.464	51.931	56.174	46,2	0,4	2,4	2,9	8,2
Excise Taxes	19.806	18.983	18.209	19.073	19.104	2,4	-4,2	-4,1	4,7	0,2
+ Alcohol, beer and other	1.107	1.068	1.045	1.008	1.073	0,9	-3,5	-2,2	-3,5	6,4
+ Fuels	9.913	9.289	8.595	9.933	9.724	0,6	-6,3	-7,5	15,6	-2,1
+ Tobacco	7.423	7.253	7.064	6.539	6.661	4,1	-2,3	-2,6	-7,4	1,9
+ Electricity	1.363	1.372	1.507	1.445	1.383	7,3	0,7	9,8	-4,1	-4,3
+ Coal				147	264					
Custom Duties	1.522	1.531	1.429	1.311	1.526	15,4	0,6	-6,7	-8,3	16,4
Insurance Primes Tax	1.435	1.419	1.378	1.325	1.317	2,1	-1,1	-2,9	-3,8	-0,6
Other revenue	44	15	113	86	113					
INDIRECT TAXES TOTAL	71.893	71.250	71.594	73.725	78.233	29,2	-0,9	0,5	3,0	6,1
FEES AND OTHER REVENUE	1.816	1.938	1.892	2.073	2.140	-4,8	6,7	-2,4	9,5	3,2
TOTAL TAX REVENUE	159.536	161.760	168.567	168.847	174.987	10,8	1,4	4,2	0,2	3,6