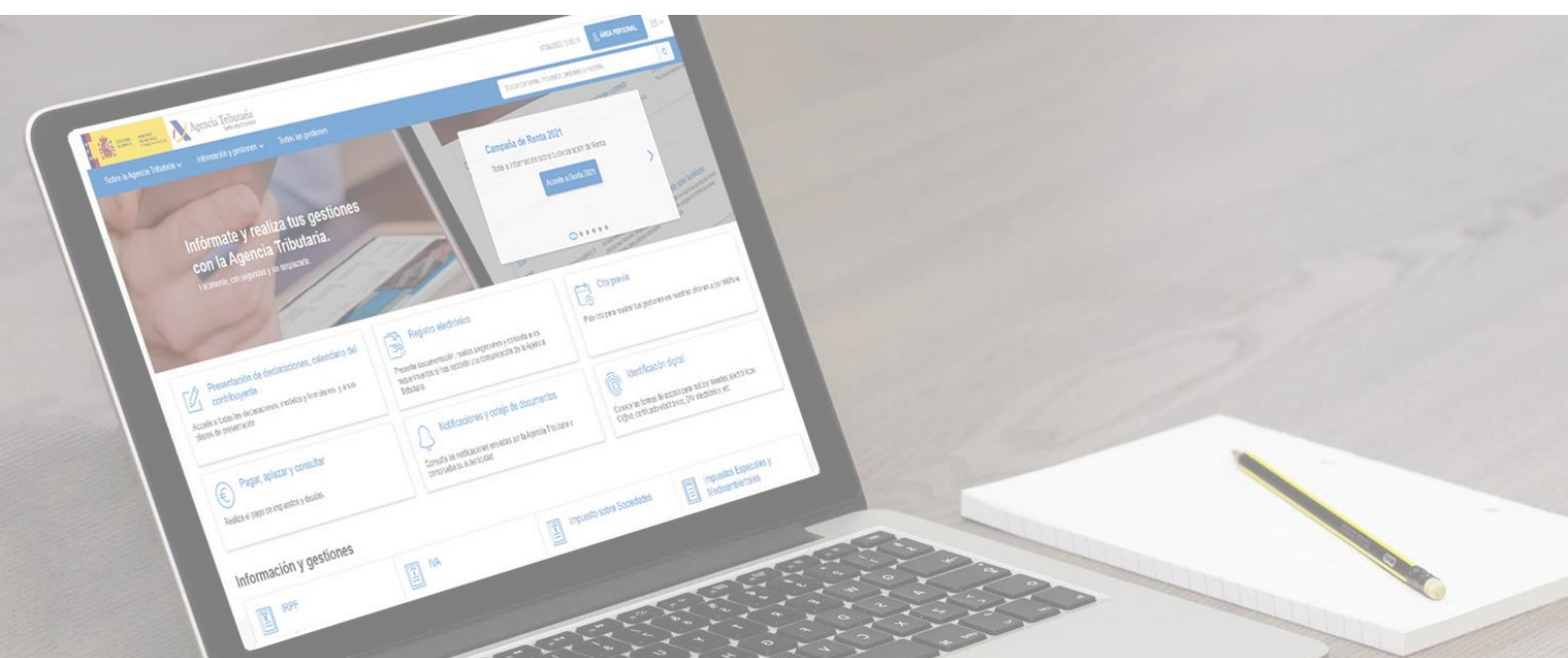


Barcelona, 4 May 2022



PERSONAL INCOME AND WEALTH TAX 2021

On 6 April started the voluntary period for filing the Personal Income Tax and Wealth Tax returns for the 2021 tax year. We are therefore sending you this circular in order to remind you of the filing deadlines, the system for receiving documentation, as well as the main aspects of the 2021 tax year. In the form of annexes, you will find the lists of the documentation necessary for the preparation of both returns.

INCOME AND ASSETS 2021

The deadline for the Income and Wealth tax campaign for 2021 began on 6 April 2022 and will end on 30 June 2022, the **last day of the voluntary filing period for both taxes**, unless payment is **made by direct debit**, in which case the deadline ends on **27 June**.

In order to collect the necessary documentation and information to be able to make their declarations, we set out:

- Priority will be given to e-mail as the system for receiving documentation, but the delivery of documentation in person will be permitted.
- In case of sending the documents by telematic means, we kindly ask you to send us the **scanned documents** to agil@etl.es, and we ask you **not to send us the documents in jpg or similar format (photos)**, as they make their processing more difficult.
- If the **volume** of the documentation to be sent makes it impossible to send it by email, it can be sent to us using applications such as **Wetransfer** ([link](#)), with a capacity of **up to 2 GB** in its **free version**.
- If it is not possible to use computerised means to send us the documentation, **please place it in a sealed envelope and deliver it to our offices** (Av. Diagonal, 429, 3º - 08036 Barcelona), where it can be left at the reception. If you have mobility problems or are unable to travel, please contact us on 934 677 414.
- It is necessary that, in addition to the documentation, **you send us a copy of the DNI of the persons for whom we are making the declaration and that you confirm your usual address**, given that the AEAT expressly requests the ratification or modification of the usual address.
- Please also inform us of any **changes in your personal situation** (marital status, children born in 2021, etc.).
- In each case, please also indicate your choice of allocation to the Catholic Church and/or activities of social interest.
- It is necessary to indicate **the bank account number to which you** would like your tax return to be paid by direct debit.
- The documentation to be provided is detailed in **Annexes I and II** of this circular letter.

HIGHLIGHTS FOR THE FINANCIAL YEAR 2021

For the fiscal year 2021 it is appropriate to highlight the following aspects that are maintained from previous years:

- Taxpayers with earned income from two or more payers of less than €14,000 are not required to file a tax return. The threshold for those who receive their earned income from a single payer remains at €22,000 per year.
 - It is important to note that workers included in a Temporary Redundancy Proceedings (ERTE) who have received unemployment benefits will be considered to have earned income from two payers; on the one hand, the Administration for the benefit and, on the other, the corresponding company.
- Taxpayers with earned income of less than 16,825 euros will benefit from a reduction, provided that they do not have other income of more than 6,500 euros. This reduction amounts to 5,565 euros per year for those with earned income of less than 13,115 euros, and an amount proportional to this figure for those with income between 13,115 and 16,825 euros.
- The limit for the application of the objective assessment method for income from economic activities is maintained up to 250,000 euros.
- Possibility of offsetting, within the savings base, income from movable capital with capital gains and losses from the transfer of assets with a limit of 25%.
- As usual, in the case of income tax returns with the result to be paid, you can choose to pay in full, or split the amount in two instalments without interest or surcharges: the first, 60% of the amount to be paid at the time of filing the return, and the second, the remaining 40%, will be deferred until 7 November.

Payment can be made by direct debit, which will be charged to your bank account on 30/06/2022, or by asking your bank for the NRC (code generated by the bank to identify payment of the tax).

NEW FEATURES INTRODUCED FOR THE FINANCIAL YEAR 2021

The most relevant developments are summarised below.

New personal income tax deductions:

The new features introduced by Royal Decree-Law 19/2021 include the following deductions from the gross tax liability for works to improve the energy efficiency of dwellings:

- Deduction of up to 20% for works that contribute to the improvement of the energy efficiency of the habitual or rented dwelling for use as a home (with a maximum of €5,000 per year) and that reduce heating and cooling demand by at least 7%.

- Deduction of up to 40% for the amounts paid for works that contribute to the improvement of the energy efficiency of the habitual or rented dwelling for use as a dwelling (with a maximum of €7,500 per year), that reduce the consumption of non-renewable primary energy by at least 30% or to improve the energy rating to grade A or B.
- Deduction of up to 40% for communities (with a limit of 15,000 euros) when works are carried out for the reduction of 30% of non-renewable primary energy consumption or for the improvement of energy efficiency to A or B level.

Income from Real Estate Capital (RCI):

- **Deductible expenses:** The deadline for amounts owed by tenants to be considered as "doubtful balance" and deductible from the full yield is reduced from 6 to 3 months.
- **Reduction in rents for the rental of premises:** "large landlords" (more than 10 properties or more than 1,500 m²) **will be able to count as a deductible expense of the RCI the amounts reduced in the rents**, agreed voluntarily and corresponding to the monthly payments of January, February and March 2021.

Other issues:

- The deposit and refund document has been modified to allow the entry, in the case of returns with a refund, of the number of a bank account in a country or territory that does not belong to the Single Euro Payments Area (SEPA).
- A new box is introduced in the Wealth Tax return to report cryptocurrencies (box 1926).
- It is important to remember the novelties introduced by Law 11/2020 of the General State Budget for 2021, in force and effective as of 1 January 2021, which included:
 - Increase by 2 percentage points in the general scale for taxable income above €300,000, applying a rate of 24.50%.
 - Addition of a new bracket in the savings scale for taxable income above €200,000, applying a rate of 13.00%.
 - Increase of 3 percentage points in the savings scale for taxable income above €200,000 for taxpayers with habitual residence abroad, applying a rate of 26.00%.
 - New bracket for taxable income over €300,000, to which a withholding tax rate of 47% is applied.
 - Modification of the rate for those subject to the regime for workers posted to Spanish territory, increasing by 2 percentage points the bases above €600,000 to a withholding rate of 47%.
 - Modification of the reductions and limits applicable to contributions and contributions to pension plans and funds:

- The maximum limit for contributions to pension plans and funds is reduced from €8,000 to €2,000.
- The maximum limit of the reduction for contributions to pension plans in favour of the spouse is reduced from €2,500 to €1,000 per year.
- In **Wealth Tax**, the tax rate is raised by 1 percentage point for the last bracket, with the applicable rate being 3.5% from 10,695,996.06€.
- **IPREM**: The amount of the Public Indicator of Multiple Effect Income (IPREM) for 2021 is set at 7,908.60 euros.
- **Legal interest on money**: The legal interest on money in the financial year 2021 remains at 3% and the interest for late payment referred to in article 26.6 of the General Tax Law at 3.75%.

It is important to bear in mind that, before submitting your own tax return or that of your descendants, ascendants or spouse, we ask you to consult us before confirming it, because of the incompatibilities that exist between the submission of tax returns and the right to the application of family minima in the same tax return or the possibility of filing a joint tax return for the family unit.

As every year, if you consider it convenient, we are at your disposal to assist you in the preparation of your tax return. If you have any doubts or queries, we would be grateful if you could contact Mrs. Aidé Gil, in order to determine the most appropriate way to send us the documentation necessary to prepare your tax returns and, if necessary, to collect it.

Yours sincerely,

AUDICONSULTORES ETL GLOBAL

The professionals who usually collaborate with your company are at your disposal for any clarification or extension of the content of this circular. Please contact us by telephone on 934 677 414.

The sole and exclusive purpose of this Circular is to provide its recipients with a selection of general information content on new developments or questions of a labour, tax or legal nature, without this constituting professional advice of any kind or being sufficient for personal or business decision-making. © 2022 "Audiconsultores ETL Global, S.L.". All rights reserved.

ANNEX I: Documentation required to prepare the income tax return

In order to prepare your income tax return, we ask you to inform us in detail about the following aspects of your personal situation:

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- **Family situation**: marital status, descendants, ascendants, spouse or unmarried partner and the declarant's cohabitation with all or some of them. Economic regime in the case of marriage. Circumstances and degree of disability, if necessary, of the members of the family environment mentioned. Compensatory pensions and annuities for maintenance paid.

This information is essential to determine the personal and family minima applicable in each case and which, in short, will determine the part of your taxable income that will not be subject to tax.

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- **Communications submitted** within the period established for this purpose in order to obtain the corresponding refund, relating to the members of the family environment indicated, and who are not obliged to declare.

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- **Certificates of income from work, in cash or in kind**. Amount of payments made to Social Security under the Special Scheme for Self-Employed Workers (RETA). Amount of fees paid to Trade Unions and Professional Associations (in the case of compulsory membership).

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- **Certificates from banks** and procedures for obtaining income from movable capital.

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- **Certificates of dividends and withholdings derived from shareholdings in companies**. Corporate transactions of investees carried out during the year: capital reductions and/or increases, dissolution, non-monetary contributions, distribution of share premium.

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- **Details of the immovable property owned by** the taxpayer and its use or rental situation. Income and expenses for the financial year 2021 relating to each property, as well as reductions in income obtained from rentals during the financial year 2021.
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- Cadastral reference, cadastral values for the year 2021 and acquisition costs for each of the properties.
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- Changes in assets and liabilities during the financial year. Purchases and sales of real estate, shares, stocks and other assets. Public deeds, if applicable, and documentation of the corresponding expenses. In the case of transfers, title deeds and documentation of original expenses.
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- Income from business activities carried out on a personal basis for the taxpayer. Withholding certificate, if applicable. Alterations in the assets of elements affected in the activity.
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- Contributions to Mutual Societies and Pension Plans. Certificate of contributions to personal pension plans and those of the spouse in the cases legally provided for.
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- Compensatory pensions and maintenance payments received or paid.
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- Information relating to the main residence. Amounts invested during the year of its acquisition or refurbishment (capital and interest). In the case of the acquisition of a new main residence, in addition to the deed of acquisition and the corresponding expenses, information on the previous home, whether or not it has been transferred, and deductions made on it.
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- In the case of rented housing, date of the rental contract, amounts paid during the year and cadastral reference of the property.
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- Supporting documentation, if applicable, of contributions made to fiscally protected entities, foundations or associates.
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- Supporting documentation, if applicable, of the costs of the works aimed at improving the energy efficiency of the dwellings.
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We would like to remind you that with the information we have on your tax return for the previous year, with your agreement, we will proceed to request the tax information from the tax authorities.

ANNEX II: Documentation required to prepare the Heritage Declaration

In order to prepare your wealth tax return we ask you to provide us with the following information:

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- List of real estate owned by the taxpayer and situation of use or lease. Cadastral reference, cadastral values for the financial year 2021 and acquisition cost of each of the properties.
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- List and, if necessary, certificates of the taxpayer's investee companies, specifying their nominal, underlying book and/or capitalisation value as at 31 December 2021.
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- Certificates from banks and management companies in relation to the ownership of current accounts, savings accounts, investment funds and any other type of financial investment owned by the taxpayer on 31 December 2021.
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- List of debts, mortgages, or other credit situations as at 31 December 2021.
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- Other assets and rights owned by the taxpayer and their valuation as at 31 December 2021, including cryptocurrencies
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- If applicable, the last Wealth Tax return filed and information on any variations that may have occurred.
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