Statistic of Personal Income Tax Annual Return Submitters by municipalities

Frequently asked questions

Subdirectorate General for Statistics

FREQUENTLY ASKED QUESTIONS

Why this Statistic?

This Stat is released to meet the aim of Transparency Law and to provide a widespread knowledge of the information reported in Personal Income Tax (PIT) annual returns, issue that arises citizenship attention. It shows a frequently demanded information, the knowledge of income distribution at a local level, while at the same time, it deepens the understanding of the fiscal information referred to the tax with highest collection capacity: Personal Income Tax.

How municipalities are being introduced in the Stat?

The information comes from official town codes and official population data supplied by Statistics National Institute. Only municipalities located in Common Fiscal Territory (TRFC) are included. Towns are classified by population bands, criterion that allows to see the main features of submitters according to the size and geographic location of holders residence municipalities. Each municipality includes the population whose fiscal address is inside its territory, in the year of accrual of the tax to whom the data are referred.

What is new in this Stat?

The most remarkable novelty is the disaggregation by Municipalities within the territorial scope of data. Besides, a noticeable newness is the inclusion of an approach to Gross Income and Disposable Income of PIT annual return submitters. Gross/Disposable Income are here intended to be an approach to some economic notions widely known: **Gross Income** is the submitters aggregate income before taxes, without tax reliefs and including exempted income as to achieve an steady and out-of-tax-regulation concept, valid in each of the fiscal years. **Disposable Income** is the gross income after taxes, considering these latter in a wide understanding, since they will include workers social contributions and annual return outcome.

Does businesses income assessed according indirect scheme achieve an approach to the actual profit?

This scheme means an estimate profit assessment, based on certain objective variables defined in a set of modules by each activity, that keeps a high correlation with the underlying net income. In other words, these indirect signs are selected and valued for the purpose of replicate the profit attributable to each personal business as accurately as possible. The aim of the scheme is not to add fiscal benefits but to reduce fiscal compliance costs to entrepreneurs.

Why capital gains are included in the concepts of gross/disposable income in net terms?

The European System of Accounts (ESA) states that the following items have to be included inside income notion: interests, dividends, leases and capital gains. Although it could be understood that only positive capital gains are to be included, the option in this Stat is to consider the net capital gains (once subtracted the losses), because positive and negative flows use to come out at the same time, so that their unbreakable nature submits to a symmetric handling. Moreover, this is the way in which gains and losses are considered in other income estimation Stats.

Which is the pool subject to analysis in this Stat?

The population scope is made up of all taxpayers legally required to submit PIT annual return according to the rules provided for by article 96 of the Law 35/2006 related to the Personal Income Tax and other tax regulations, as well as by article 61 of the Procedure Ruling passed with Royal Decree 439/2007. Moreover, people not forced to do it but that have submitted returns anyway, are also included.

What is the relationship between this Stat and the general PIT Statistic?

The Tables *PIT Economic and Taxation Data* and *Family Situation* are worked out as of de same specifications contained in the general PIT Statistic, even though their classification criteria are modified to add a way of selection by the territory of the annual return submitters' fiscal addresses. In this Stat, the territorial criteria for the first Block of information are the Autonomous Community, the Province and the size of the population, according to official population figures.

Which is the denominator used for working out the Average Gross Income and the Average Disposable Income?

The denominator used for working out the Average Gross Income and the Average Disposable Income is the number of returns, though the Stat provides furthermore information related to the number of annual return holders.

Which is the denominator used to work out average economic and taxation data?

As in the general Personal Income Tax Statistic, the average of each of the items shown refers to the number of returns with some content therein.

How the Average Gross Income and Average Disposable Income are worked out in the Tables of the 'Statistic detailed by Municipalities bigger than 1,000 inhabitants', when a territorial scope composed by different sized Municipalities is considered?

Here, the information about each Municipality can be checked out as well by each Province, Community or by the total national. For these three territorial scopes, Average Gross Income and Average Disposable Income are worked out using the whole number of annual returns of the selected territory, regardless of the size of the towns comprised in it, whether they have more or less than 1,000 inhabitants.

What is the Returns Submissions Ratio?

This ratio is the quotient between the number of PIT annual returns holders and the number of inhabitants, shown as a percentage. The ratio can be affected by the specific features of each population. Thus, in places with a high number of registered foreigners, who are not compelled to submit returns in Spain, the ratio is downward biased. This circumstance appears also in places with a high number of minors, within the population figures, or of pensioners, who do not submit annual returns because they are not required to.

How is the Statistic structured?

The Stat is organised into two big Blocks. The first one, *Stattistic by territories,* display the Gross Income and the Disposable Income at the level of Autonomous Communities and Provinces. In this Block, the most relevant economic and taxation variables are shown and can be found for Municipalities of different sizes, inside TRFC. The second Block, *Detail by Municipalities bigger than 1,000 inhabitants,* shows the most relevant data of the annual return summary, economic data and the tax assessment, on one hand, and of family situation, on the other hand, for Municipalities bigger than 1,000 inhabitants. It also shows the ranking position of their Gross Income compared with the rest of Municipalities of their Community or of TRFC (only towns bigger than 1,000 inhabitants in this case).

Why are there two similar Tables related to the detail by Municipalities?

The second Block includes two similar Tables because each of them provide a different way of browsing in order to get the detail of the Municipality checked out, always for those towns bigger than 1,000 inhabitants. The first one, using drop-down lists, allows selecting the Municipality size band. Then, once the band has been picked, the Community to which the towns of the chosen band belong can be selected. Afterwards, the number of Municipalities can be reduced selecting the Province. Finally, a drop-down list of Municipalities meeting the requirements previously introduced, will allow reaching the town wanted. The second Table allows to browse searching a Municipality by alphabetical order.

What can be checked out through EGEO map?

EGEO is an interacting map which provides the view of georeferenced data. When a Community, Province or Municipality has been selected through the choroplastic map, data related to Average Gross Income, Average Disposable Income, number of annual returns and Returns Submission Ratio, belonging to the chosen territorial scope, are displayed.