



Business activities income

This new release is based on Personal Income Tax annual returns reporting business activities income. As it includes information about each economic sector, it allows to know the yield of the business and professional activities carried out by personal businesses, professionals and other non-societal businesses, the weight of the businesses income with regard to total income, the number of economic activities reported, the failure rate per activity and, a particularly important element, the **annual return outcome attributable to the economic activity and the effective tax rate related to such business or professional activity**.

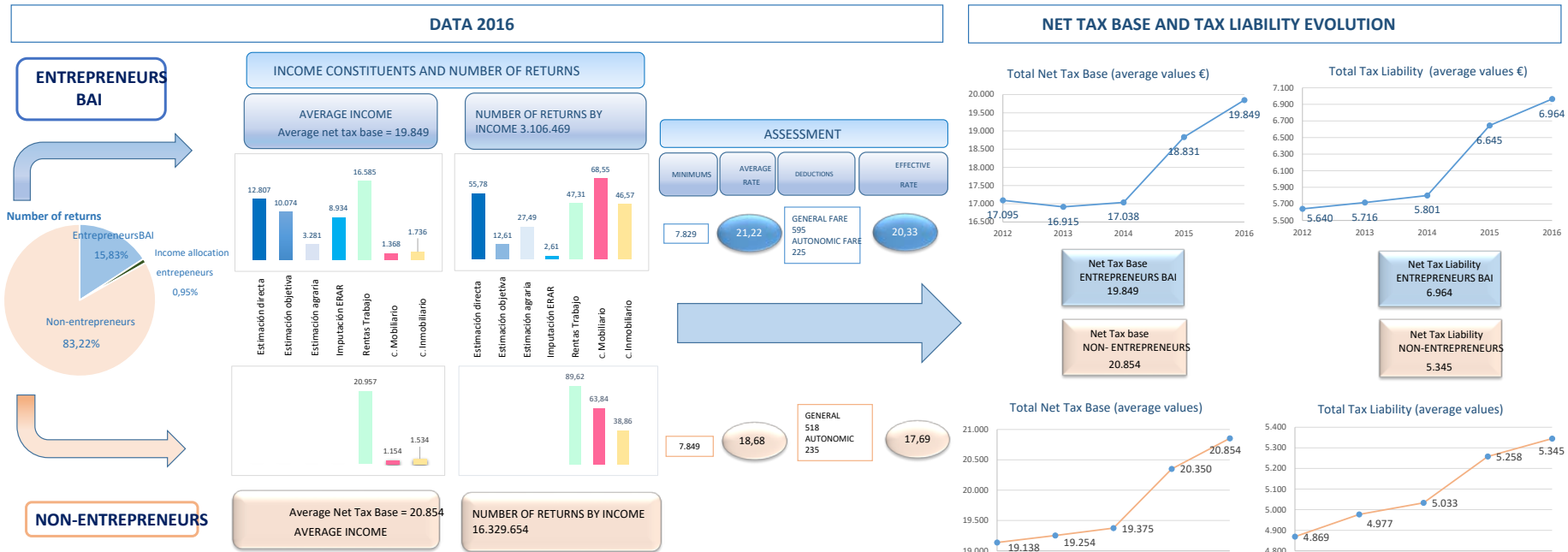
Which are the information sources?	PIT Law provides two systems in order to work out the self-assessed net income in Form 100 : direct assessment scheme (art. 30) and objective assessment scheme (art. 31).		
	Direct assessment scheme: Either Normal or Simplified method can be used.	Objective assessment scheme: A distinction is made between non-farming and farming objective scheme.	Revenue coming from the income allocation system is included as net income in the annual return.

How is the information displayed?	Annual Return viewpoint	Business activity viewpoint
	Each annual return is considered as a data item and classifying criteria matching with the annual return features together with those criteria coming from other fiscal sources and complex algorithms are included.	Each b... and the features related to the activity and to the individual who carries it out are studied.
	↓ Annual return classifying variables	↓ Activity classifying variables
	Main income source. Number of activities. Salaried people bands. Income sign. Income assessment scheme.	Tax on Economic Activities epigraph. Autonomous Community. Nationality. Gender. Age. Income assessment scheme.

SINGLE ACTIVITY

Annual return and activity viewpoints match when there is only **one business activity reported**. Due to the correspondence between both viewpoints, common features to both are studied:

One annual return – One entrepreneur – One activity





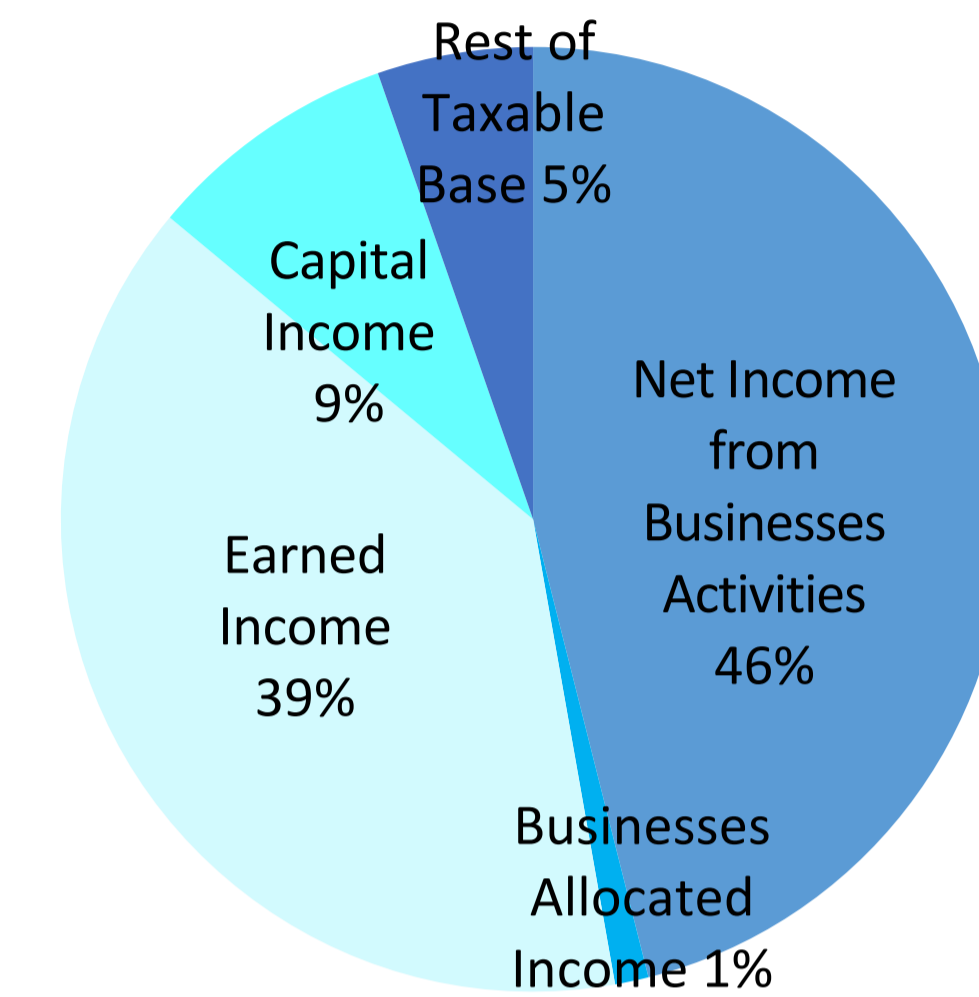
MAIN OUTCOMES. FISCAL YEAR 2016

TAXABLE BASE CONSTITUENTS

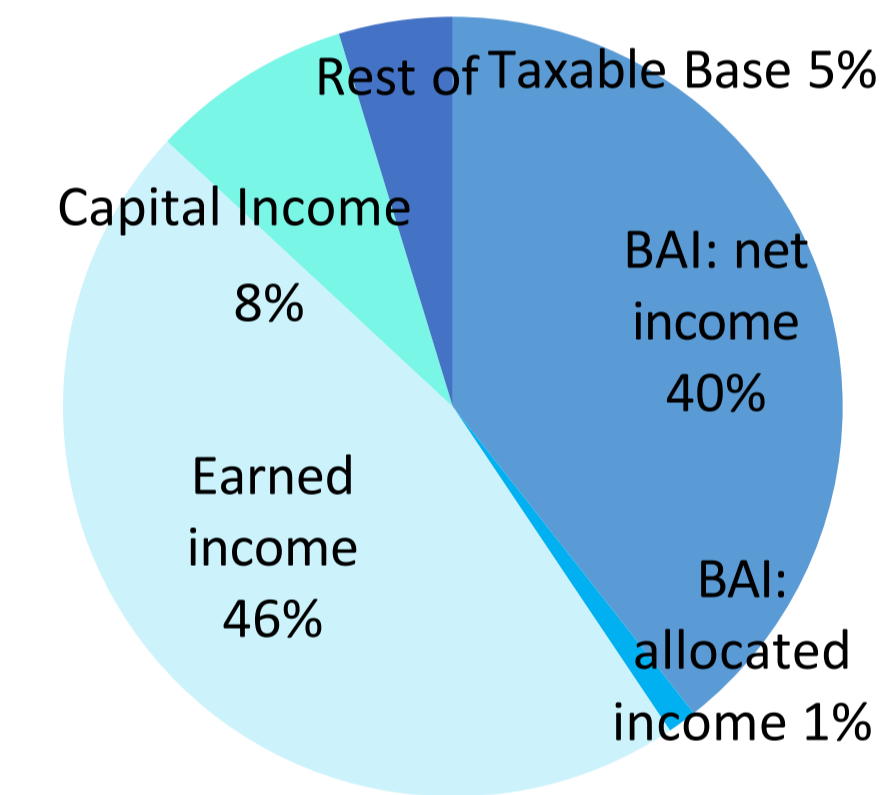
Businesses income is the main income source for 52% of entrepreneurs.

Income structure is meaningfully different depending on if entrepreneurs do hire employees or do not.

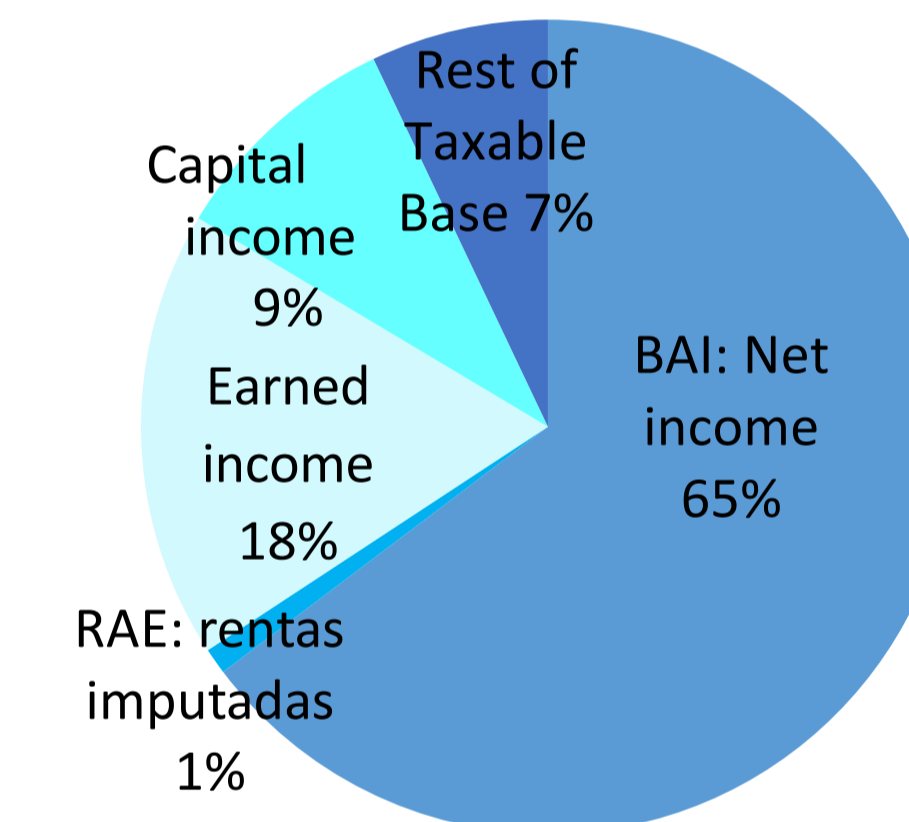
BUSINESS IS THE MAIN INCOME SOURCE FOR 65% OF ENTREPRENEURS HIRING EMPLOYEES. IT IS ONLY 40% FOR ENTREPRENEURS WITHOUT EMPLOYEES.



Taxable Base constituents for entrepreneurs BAI



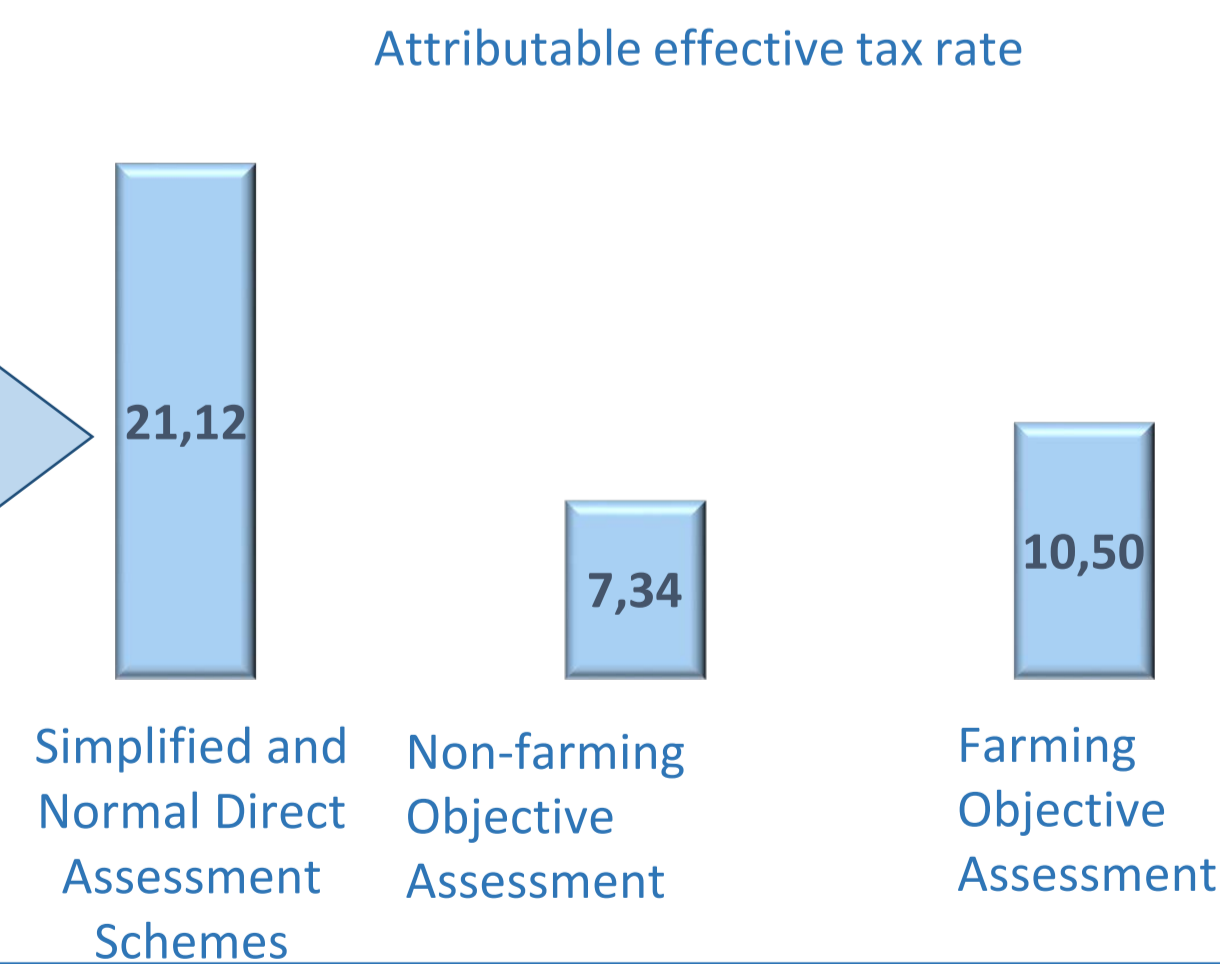
WITHOUT EMPLOYEES



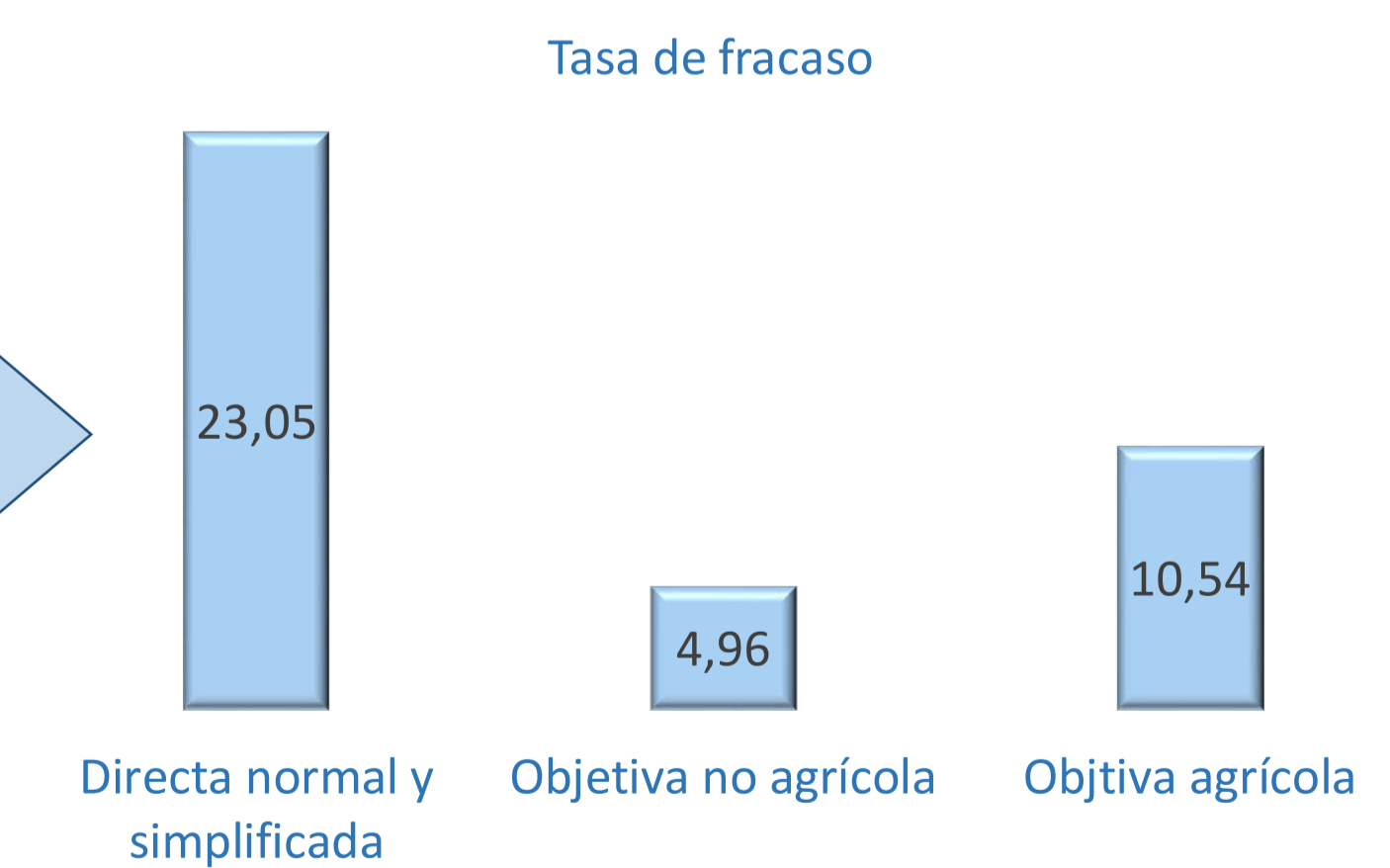
WITH EMPLOYEES

EFFECTIVE TAX RATE AND FAILURE RATE

Entrepreneurs with positive net income in direct assessment scheme bear a greater tax burden.



Business activities income can be negative. Direct assessment scheme returns include the highest failure rate.





A SOLE BUSINESS

86,5% OF ENTREPRENEURS REPORT ONE BUSINESS ONLY.

88,8% OF ENTREPRENEURS WITH A SOLE BUSINESS REPORT POSITIVE INCOME.

20,3% OF ENTREPRENEURS WITH A SOLE BUSINESS HAVE EMPLOYEES.

Entrepreneurs with employees have higher effective rates on BAI than on the total taxable base. The same happens with artists, athletes and professionals without employees.

Effective Tax Rates in businesses with positive profit, following income sources and per activity.

