

FREQUENTLY ASKED QUESTIONS

What is the contribution of this new release?

This new Statistic shows the Corporate Tax annual consolidated accounts with the aim of achieving a comprehensive overview of the tax from the assessment angle. In the stat, the CT assessment worked out by taxpayers in Groups Fiscal Consolidation Scheme (Form 220) connects to the individual information provided by controlling and dominated corporations, which is included in Form 200. Such information, together with the one submitted by non-belongs-to-groups companies through Form 200, allows knowing CT consolidated net tax liability, which is the most accurate measure of the contribution to State Total Tax Revenue made by the whole number of corporations.

What is the tax rate on profit and what does it mean?

Corporate profit is the reference variable and corresponds to the generation of income or addition of value by the firm, being the most relevant element in order to appropriate the profit, to pay out dividends to share-holders, to offset accounted losses from previous years and to allocate statutory or voluntary reserves. Then, the effective tax rate on profit is defined as the net tax liability divided by profit and it is the part of corporation profit going straight to State Tax Revenue collection.

What is the tax rate on the base and what does it mean?

Tax base is the figure on which the legal rates apply, giving rise to the total tax liability. The difference between the tax base and the corporate profit are the amendments made on accounting results as provided by law. These adjustments are of very different kinds. Some have a technical nature (differences between fiscal and accounting rules), other come for considering some fiscal benefits and other are the result of fiscal policies about certain income, as it happens with the amendments and deductions to avoid double taxation. Tax effective rate on Tax Base is defined as the net tax liability divided by such base. Differences between effective and legal rates are linked to tax rebates, allowances and deductions which separates net tax liability from total tax liability.

Which is best for economic purposes, the rate on corporate profit or the rate on the tax base?

Both rates are available using these release data and any of them could be used depending on the targets of the analysis carried out by the customers of the Stat.

There are three advantages if effective rate on profit is chosen. Firstly, the way of working it out is alike to the one used for other taxes (regarding PIT, for instance, it is worked out a similar rate dividing the accrued tax by the gross income of taxpayers) and in international comparisons (to avoid distorting effects linked to legal differences). Secondly, it allows to follow tax burden evolution regardless of law changes affecting the tax base (but not changing profit). Finally, it makes easier the comparison between diverse taxpayers groups with different ways of using fiscal benefits (this can be seen either in the adjustments to accounting results or in the deductions on the total tax liability) or dissimilar ways of assessment (individual or consolidated group tax returns).



How important are the adjustments to accounting result in order to assess Consolidated Tax Base?

The structure of amendments to accounting result comprises every adjustment needed to obtain the Consolidated Tax Base. Qualitatively, there are two types of adjustments, those included in individual accounts (Form 200) and the consolidation adjustments (Form 220). Regarding Groups, individual amendments represent a 41% of profit, though with significant differences depending on the kind of corporation or the size of the Group. For individual companies net adjustments goes to a 25% of declared profit. It is advisable to consult the results separating negatives from positives, because it has been noticed a very relevant amount of adjustments in corporations declaring losses.

Where do employees figures come from?

The figure of salaried people used for classification by size is always attained from the data included in Form 200. When Groups are considered, the figure is worked out adding the employees of all the corporations belonging to the Group. In this fiscal source, the firm provides the average figure of salaried/non-salaried permanent staff, as from the monthly employee workforce information. It is worth mentioning that this employment measure differs from that shown by the Labour Market Statistic, released by AEAT and whose source is Form 190, given the lacks of this source of info in order to know the period in which the employees were surely working for the company.

How Groups are included in the different economy sectors and what is the difference between the kind of corporation and the economy sector?

To figure out the economy sector of a Group is a complex task not exempt from a certain convention, especially if it comprises a significant number of companies. In this release, the turnover figures of the companies belonging to a Group have been added to the level of ten CNAE main divisions (Economic Activities National Classification) and that with the largest turnover has been chosen. Afterwards, for publishing purposes, Tables show five big activity sectors whose connection with CNAE is included in the Methodology. With regards to the kind of corporation, the classification is linked to the accounting ruling taxpayer has to comply with: if it is the general ruling, the firm is included inside the Non-Financial Corporations set. If the taxpayer has to comply with the regulation (Circular) 5/2014 of the Bank of Spain, it is included within the Financial Corporations and, finally, if R.D.1317/2008 (modified by R.D.1736/201) is applicable, the company will be considered as an Insurance Corporation. These two cases, together with the financial or insurance companies following the general accounting ruling, compose the Financial Sector, within the activities classification.

What is the difference between the rates worked out in this Stat and other calculated on the data provided either by CNMV (Stock Exchange National Commission) or by the corporations?

All Tax rates have the same purpose (measure the tax burden borne by the taxpayer) and the same structure (tax liability divided by an economic or taxation variable). The differences come out when choosing the variables to be considered as numerator/denominator. In the case of the rates of this release and, in general, in every Statistic published by AEAT, numerator is always the tax actually paid to the State by the taxpayer. Yet, when sources other than fiscal are accessed to work out rates, then the variable chosen for the numerator does not use to be the



same. As a rule of thumb, in such cases either the accounting profit tax, which is not exactly the result noted in Forms 200/220; or a measure that includes the taxes paid abroad (not affecting Spanish tax revenue); or a variable that adds other taxes paid by the company (acting as intermediary, as it happens with VAT), are taken as an approach to the CT actually paid.

How is it possible to get a Group positive profit if the accounting result is negative?

In Groups, the overall accounting result is the addition of the outcomes (positive or negative) of all the companies which belong to the Group. The stat tables with classifications according to Accounting Result could show a negative figure of the result when there is a positive number in the variable 'Profit'. This circumstance can be explained because although a Group can achieve losses as a whole, some of its constituents could have positive profit on their own.