



Bové Montero y Asociados
Auditors – Consultants – Tax Advisors

Tax obligations December 2023

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Below we highlight a series of tax obligations to be taken into account during the month of December, which, in short, are the following:

- Corporate Income Tax Advance Payments 2023.
- Local business tax (IAE).
- Immediate Information Supply (IIS).
- Country by country information (form 231).

Please find the corresponding content mentioned below.

Corporate Income Tax Advance Payments

Please note that **December 20th, 2023**, is the deadline for filing **forms 202** (general regime/large enterprises) and **222** (tax consolidation regime) regarding the third advance payment on account of **Corporate Income Tax (CIT) 2023**. Tax groups and large enterprises must file this return (forms 222 and 202, respectively) even when there is no tax payable.

The following points should be considered when **calculating the advance payments for Corporate Income Tax**:

- a) Entities with net turnover not exceeding EUR 6 million in the 12 months prior to the start of the reporting period:

The advance payment calculation is based on the gross tax chargeable (box 599) on the last CIT return filed. The amount in this box should be multiplied by 18%.

- b) Entities with turnover of over EUR 6 million and under EUR 10 million in the 12 months prior to the start of the reporting period, or those that have opted to calculate advance payments based on their current period's taxable income:

The advance payment is calculated on the taxable income for the period from the start of the entity's financial year to November 30th, 2023. Deductible amounts include the offsetting of tax loss carryforwards from prior periods, credits, withholdings, and payments on account on income, and any advance payments already made for the current reporting period.

The prescribed percentage is the product of multiplying the tax rate by 5/7 and rounding down. For example, companies taxed at the general rate of 25% will apply a percentage of 17%.

c) Entities with turnover of at least EUR 10 million in the 12 months prior to the start of the reporting period:

The advance payment is calculated as above, with the following additional considerations:

- The minimum payable amount is 23% of the accounting profit for the period from the start of the entity's financial year to November 30th, 2023 (the accounting profit figure used may only be reduced by subtracting any advance payments already made corresponding to the same reporting period). For credit institutions and those engaged in the exploitation of hydrocarbon deposits, the minimum advance payment will be 25 percent of the positive accounting result.
- The prescribed percentage is 24% - the product of multiplying 25% by 19/20 and rounding up.

The table below summarizes the different methods of advance payment:

Net Turnover (12 months prior)	Method	Basis of calculation	Rate %	Minimum payment	Mandatory filing when no tax payable
< 6 millones €	Article 40.2	Gross tax chargeable (box 599) on last CIT return filed	18 %	N/A	No
	Article 40.3 (voluntary application)	Accumulated taxable income from start of RP	17 %	N/A	No
> 6 millones € < 10millones €	Article 40.3	Accumulated taxable income from start of RP	17 %	N/A	Yes
> 10 millones €	Article 40.3	Accumulated taxable income from start of RP	24 %	23% of accounting profit	Yes
	Obligation to file the additional data return (form 20A)				

The **deadline** for submitting the installment payment of Corporate Tax, using **direct debit** as **payment method**, ends on **December 15**.

Offsetting of tax loss carryforwards

Please note that there are limits on the tax losses which may be offset, with implications for the advance payments, depending on the entity's turnover in the prior period. In any event, tax losses of up to EUR 1 million may be offset. The tax consolidation regime has its specific regulations in this area.

Local Business Tax (IAE)

Regarding the Local Business Tax, the corresponding Tax Administration must be notified if there are any **changes in taxation from 1st of January 2024**, such as, for example:

- End of the exemption period for the first two years of exercise of an activity.
- Loss of tax exemption, due to exceeding the threshold of EUR 1 million net amount of turnover in the last Corporate Income Tax filed before January 1st, 2024.

Likewise, during the month of December, the obligation to declare the variations in the tax elements of the tax (square meters of the premises affected, cadastral value of leased properties, installed KW, etc.), which have not been communicated at the time of said modification, must also be considered so that they take effect as of January 1st, 2024.

Immediate Information Supply (IIS)

We would like to remind you that those entities that obtain the status **of Large Company as of 2024** (i.e., those that have had a turnover, during the financial year 2023, of over EUR 6 million) will be automatically included in the Immediate Information Supply system and will be **obliged** to keep the VAT registry books through the Tax Agency's electronic headquarters as of **January 1st 2024**, and the change of such condition (large company) should be informed through the **Form 036** during **January 2024**.

The general deadline for submitting this data to the Tax Agency **is 4 working days from the date of issue of the invoices** and, in the case of **invoices received, from the date of accounting record**.

Likewise, until **31st December 2023**, those entities that for any reason have been included in the SII system (for example, have requested their inclusion in the **Monthly Refund Register - REDEME**) during 2023, must send the invoicing records for the previous period corresponding to the same calendar year 2023.

Country-by-Country Information (Form 231)

The Corporate Income Tax Regulations include the obligation to provide so-called “country-by-country” information.

The “country-by-country” information must be submitted annually using **form 231** approved for this purpose. The deadline for submitting the “country-by-country” information is **twelve months by the end of the tax period**.

This return is mandatory for those taxpayers who are part of a group whose **net turnover of all persons or entities is at least EUR 750 million in the 12 months prior** to the start of the tax period.

Thus, **entities resident in Spanish territory that are the parent of a group** and are not at the same time subsidiaries of another entity, whether resident or non-resident, must provide the information on a country-by-country basis using **form 231**.

In addition, it is important to bear in mind that, in accordance with the provisions of the Corporate Income Tax Regulations, **any entity resident in Spanish territory that forms part of a group obliged to submit the "country-by-country" information must notify the tax authorities of the identification and the country or territory of residence of the entity obliged to prepare this information. This communication must be made before the end of the tax period to which the information relates.**

Country-by-country information shall include, in respect of the tax period of the parent entity, on an aggregate basis, for each country or jurisdiction the following:

- a) Gross income of the group, distinguishing between those obtained with related entities or with third parties.
- b) Results before Corporate Income Tax or taxes of an identical or similar nature.
- c) Corporate Income Taxes or taxes of the identical or similar nature paid, including withholdings made.
- d) Corporate Income Taxes or taxes of an identical or similar nature accrued, including withholdings.
- e) Amount of the capital and other equity figure existing at the end of the tax period.
- f) Average number of employees.
- g) Tangible assets and investment property other than cash and receivables.
- h) List of resident entities, including permanent establishments and principal activities carried out by each of them.

Other information considered relevant and an explanation, where appropriate, of the data included in the information.

If you have any questions, please do not hesitate to get in touch with your regular contact person in our firm.

Bové Montero y Asociados



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