



**LOURDES
PÉREZ-LUQUE**

IMPOSING MORE REPORTING OBLIGATIONS ON TAXPAYERS IN SPAIN IS ‘UNFAIR’

“When talking with tax colleagues from other countries, the tax administration in Spain always seems to have a greater level of control,” says Lourdes Pérez-Luque, partner at Ventura Garcés López-Ibor in Madrid, who adds that “this is because the Spanish tax administration is imposing a lot of reporting obligations on the taxpayer.” She continues: “The idea that the burden of the work is being transferred onto the taxpayer, who at the same time may be fined if they do not report properly is completely unfair.”

According to Pérez-Luque, companies are not only continuously facing changing tax laws which makes it difficult for clients to do proper tax planning, but they also have to file an increasing number of tax reports that essentially are aimed at facilitating the “controlling work of the tax administration”. They also have to contend with an increasing number of tax inspections at a lower level with no possibility of dialogue.

Larger companies are not the only ones increasingly under pressure to implement tax reporting standards, as there is also pressure on almost all medium-sized enterprises in the country, argues Pérez-Luque. For instance, initiatives such as the SII are mandatory for all companies with a turnover of more than €6m. “It not only means that they have to devote a lot of human resources to compliance, and invest in specific software, but that the fines for not doing this are huge,” says Pérez-Luque.

Furthermore, there is a new reporting requirement coming into force related to international tax planning in transactions that may be potentially “tax aggressive”. In Pérez-Luque’s view, this may involve the risk of tax officials misinterpreting information reported by the clients. “When it comes to tax, the tax administration is always thinking there’s bad faith involved – while this may be true in some cases, in my experience, for the majority it’s not the case.”