

Barcelona, 7 March 2019

Dear Client,

On 14 February 2019, Judgement 4/2019 of 17 January of the Plenary Session of the Constitutional Court (CC) was issued, which rejected the appeal for unconstitutionality brought by the Spanish Government against the tax on vacant dwellings. The CC considers that the tax does not violate the prohibition on double taxation under Article 6.3 of the Organic Law on financing of the Autonomous Regions (LOFCA) and discards the overstepping of competences by the Parliament of Catalonia.

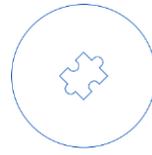
The immediate consequence of this judgment is the **full force of the tax on vacant dwellings** and the forthcoming **filing and payment of the self-assessment of this tax** for fiscal year 2018, which will be made electronically between **1 and 20 March 2019** using Form 510.

This tax is applicable in the **region of Catalonia** and affects only **legal persons that own vacant dwellings without a justifiable cause for more than two years**.

The **assessment base** of the tax consists of the total **square metres** of useable surface area of dwellings subject to the tax owned by the taxpayer at the date the tax falls due (31 December), reduced by 150 square metres as an exempt minimum.

It is important to note that **dwellings located in areas with low accredited demand** will be exempt from the tax, in accordance with the Sectoral Territorial Housing Plan. Zones with low accredited demand are considered to be all **areas not included in the list of municipalities** defined as areas with strong and accredited residential demand, included in the appendix to Law 4/2016 of 23 December on measures to protect the right to housing of people at risk of residential exclusion (DOGC No. 7276, 29.12.2016).

The list of municipalities with housing not exempt from the tax can be consulted via the following link: https://atc.gencat.cat/web/.content/documents/02_doc_tributs/habitatges/municipis-habitatges-no-exempts.pdf



A progressive tax rate is applicable to the assessment base, in accordance with the following table:

Taxable base up to (m2)	Gross tax (€)	Rest of taxable base up to (m2)	Applicable rate (€/m2)
0	0	5,000	10.0
5,000	50,000	20,000	15.0
20,000	275,000	40,000	20.0
40,000	675,000	higher	30.0

Taxpayers that devote part of their housing stock to affordable rent dwellings, either directly or through public bodies or entities in the tertiary sector, may apply a reduction to the tax payable based on the ratio of dwellings assigned an affordable rent.

As always, the professionals that regularly work with your company are entirely at your disposal for any clarification or additional information you may require in relation to the content of this Circular Letter.

Yours faithfully,
AUDICONSULTORES

The sole aim of this Circular Letter is to provide its recipients with a selection of general information items about novelties or issues of a labour, tax or legal nature, without this constituting professional advice of any kind or being sufficient for the making of personal or business decisions.

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