The budgetary measures introduced during the new government's first 100 days: Proactivity in the right direction

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The fiscal consolidation measures adopted thus far are, for the most part, proactive steps in the right direction. If results are in line with expectations, there should be a noteworthy impact on both the revenue and expenditure side. However, the impact of macroeconomic conditions will also be a determining factor in the government's ability to meet fiscal targets.

In order to comply with ambitious deficit targets agreed upon with Brussels over the medium term, together with the introduction of proactive legislative structural reforms, during its first 100 days in office, the Spanish administration adopted a series of fiscal consolidation measures. Revenue enhancing measures include urgent tax increases affecting the personal income tax, property tax, and revenues from telecommunication services, as well as tax measures included in the 2012 budget related to the corporate tax, shadow income, tobacco tax, and court fees. Nevertheless, the negative impact on revenues from the economic downturn and taxpayers' reactions to proposed tax reforms must be taken into account. Expenditure reduction measures, also contemplated both urgent measures as well as an austere 2012 budget. Cost cutting measures introduced include cuts in the area of personnel expenditures, and cost control measures in the budget, such as the establishment of an expenditure ceiling, as well as generalized cuts across the different levels of the public administration.

Initial Situation

According to the last available figures, Spain's total public deficit reached 8.9% of GDP in 2011- a long way from the 6% target agreed upon with the European Union as a reasonable deficit for the year. Against a ceiling of 4.4% of GDP set by the outgoing socialist government, Prime Minister Mariano Rajoy's new administration initially proposed a maximum limit of 5.8% for 2012. However, Spain's euro area partners demanded an additional effort, finally setting the maximum deficit at 5.3% (dropping to 3% in 2013). The overall deficit target the Spanish public administration is expected to meet in 2012 is spread across the various levels of government as follows: a maximum deficit of 3.5% for the State, 1.5% for the regions, and 0.3% for the municipalities. Therefore, in the case of the central government, the deficit needs to be cut by

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1.6 percentage points in terms of GDP in 2012. However, in reality, the adjustment necessary to meet this target will have to be 2.5% of GDP, given the existence of expenditure commitments, such as interest payments, financial support to the regions, pensions and unemployment benefits, that will follow a clear upward trend over the year.

Table 1
Impact of tax measures in 2012
(millions of euros)

Personal income tax	**4,100**
Complementary levy	4,100
Corporate tax	**5,350**
Deferral of tax benefits	210
Accelerated depreciation	840
Financial expenses	1,050
Instalment payments based on book earnings	2,500
Tax on foreign dividends	750
Tax regularisation	**2,500**
Special taxes	**150**
Tobacco	150
Court fees	**214**

Against this backdrop, Rajoy's government began proactively with a wide range of legislative initiatives. The changes made during the government's first 100 days have included structural legislative reforms –a budgetary stability law, labour reform, financial system reform, pending reform of autonomous bodies and public companies– and other measures aimed at containing public spending and increasing public revenues. We will describe this set of measures below.

Increasing government revenue

In terms of government revenues, the new government's proposals have taken shape through two initiatives: the first, just a few days after taking office, through Royal Decree/Law 20/2011, on December 30th, 2011, and the second, through the General State Budget for 2012, passed on March 30th, 2012. With this package of measures, the government hopes to increase revenue by 12.314 billion euros in 2012, broken down by tax type, as summarised in Table 1.

Tax measures included in Royal Decree/ Law 20/2011

The urgent tax measures approved by the new government upon coming into office in December 2011 were: i) A substantial increase in the marginal rates of income tax (IRPF, in its Spanish initials), ii) Reinstatement of the tax deduction for investments in one's primary residence, iii) A selective increase in local property taxes (IBI in its Spanish initials); and, iv) An increase in taxes on telecommunications services.

These new measures focused on short-term, revenue-raising as a means to urgent and immediate rebalancing of the general government's budget to correct its serious deviation. However, the personal income tax (IRPF) and property tax (IBI) rate increases are temporary, as they are only due to be applied during the 2012 and 2013 tax years.

(i) A substantial increase in the marginal rates of income tax (IRPF, in its Spanish initials). In the case of personal income tax, there was a significant rise in the marginal rate (in the state tax schedule) for the regions under the common system (see Table 2). This increase affected both income from savings as well as other taxable income.

Table 2

Increase in marginal income tax rates

(national segment of tax)

General tax base		Savings tax base	
Threshold (euros)	**Increment in points of marginal rate**	**Threshold (euros)**	**Increment in points of marginal rate**
0.00	0.75	0.00	2
17,707.20	2.00	6,000.00	4
33,007.20	3.00	24,000.00	6
53,407.20	4.00		
120,000.20	5.00		
175,000.20	6.00		
300,000.20	7.00		

In 2012 and 2013, applicable tax rates are going to increase substantially. But the increase will not be the same across all the regions, reflecting significant regional differences. Regional governments can and have modified their rates independently.

Tables A1,A2 and A3 in the Appendix compare the tax rates before and after this rate increase. As illustrated in those Tables, in Spain, power to establish income taxes are split between the central government and the regions. In 2012 and 2013, applicable tax rates are going to increase substantially. But the increase will not be the same across all the regions, reflecting significant regional differences. Although the increase in the national rate is uniformly applied throughout the country, regional governments can and have modified their rates independently.

ii) Reinstatement of the tax deduction for investments in one's primary residence. Along with the increase in marginal tax rates, and somewhat counter to stated tax collection objectives, was the reintroduction of the tax deduction for taxpayers' investments in their primary residence. This deduction had been opportunely eliminated by the previous government in view of its proven inefficiency, powerful distortionary effects, and high cost in terms of revenue collection. The government initially estimated that the increase in personal income tax, despite the reintroduction of the deduction for investments in the primary residence, would inject additional revenues of around 5.3 billion euros in 2012. However, after presenting the General State Budget for 2012, the government reduced its estimate for the anticipated impact to an increase of just 4.1 billion euros. In addition, it must be taken into consideration that this figure does not include the reaction of taxpayers to the proposed tax reform, which, will certainly reduce the final tax revenue.

The impact of this income tax increase on revenue collection began to be felt in February

2012 due to the increase in withholdings. In line with the increase in income tax withholdings, Royal Decree/Law 20/2011 also introduced an amendment to the corporate tax (IS in its Spanish initials) to raise the withholding rate from 19% to 21%. This advance financing from the withholdings associated with personal income tax and corporate tax will help boost immediate liquidity in 2012 and 2013, although, by the same token, they will cut prospective tax collection.

iii) A selective increase in property taxes. The third tax measure approved during the early days of the new government sought to improve municipalities' solvency and liquidity. To achieve this, it was decided that the tax rate for the main municipal tax, the property tax (IBI), should be raised across the board. Specifically, depending on the year in which properties' cadastral values (i.e. book values) were last updated, the tax rate was increased by between 4% and 10% for 2012 and 2013.

To avoid penalising more modest homes, this increase in tax rates will be limited to properties whose cadastral value is above the median value for their municipality. The government estimates that this upward adjustment in property tax rates will increase municipal authorities' revenues by 918 million euros.

iv) An increase in charges on telecommunications services. The new government's measures include a review of the leasing formulas for the public radio spectrum, which will translate to an increase in revenues.

The tax measures included in the 2012 General State Budget

After the approval of urgent tax measures in December 2011, the General State Budget for 2012 introduced a second package of measures aiming to increase public revenue. These fall under the following four headings: i) Approval of a series of measures to increase the effective average rate of the corporate tax (IS), ii) Exceptional measures to incentivize collection of shadow income, iii) Structural modification of the duties on tobacco; and, iv) Increase of charges in relation to the administration of justice.

i) Approval of a series of measures to increase the effective average rate of the corporate tax (IS). In order to avoid a continuing drop in the effective rate of the corporate tax (IS), primarily among large corporations, the 2012 budget introduced a series of significant changes to the way in which the tax base for the corporate tax is calculated and the effective application of deductions and exemptions. With this restructuring of the corporate tax, the government hopes to boost revenues by 5.350 billion euros. We will look at these changes below. In relation to the quantification of the IS tax base, the three following modifications were put forward:

- Large corporations' freedom to use flexible depreciation has been eliminated, limiting deductions for flexible depreciation exclusively to previous investments. Nevertheless, SMEs (small and medium-sized enterprises) will be allowed to continue to use flexible depreciation provided it is tied to job creation.

- The maximum annual deduction for intangible assets relating to goodwill has been cut from 5% to 1%. This reduction will affect both acquisitions of other entities and corporate restructuring. This is a temporary measure limited to the 2012 and 2013 tax years.

- The deductibility of financial charges has been limited. Upon entry into force of this regulation, financial charges exceeding 30 per 100 of the operating income (EBITDA) on the year will not be deductible. However, the first million euros of financial charges will not be affected by this new limitation. Nevertheless, expenses that were not deductible during the year may be carried forward to future periods, up to a maximum of eighteen years.

Financial charges arising out of the purchase of a stake in entities in the same group will not be deductible, unless the entity is able to justify the economic rationale for the share purchase. This measure is intended to be permanent.

As regards the application of specific deductions and exemptions, the modifications can be summarised as follows:

- Limit on deductions. The current general limit has been cut from 35 percent to 25 percent of the taxable income, including the deduction for reinvestment of extraordinary profits. This has been cut from 60 percent to 50 percent in cases where the deduction for R&D activities exceeds 10 percent of the tax due. These are temporary reductions, only affecting the 2012 and 2013 tax years.

- Partial exemption on the sale of shares. In order to support the internationalisation of Spanish firms, the system of exemptions for the sale of shareholdings in non-resident entities has been made more flexible, and a proportionality principle has been established based on the time over which the requirements are met.

- Lastly, a minimum corporate tax instalment payment has been set for companies with profits of over twenty million euros a year. In general, this new tax obligation is set at 8% of the earnings reported on the profit and loss account. However, if less than 85% of earnings are from exempt income or dividends entitled to deductions for dual taxation, the percentage drops to 4%. This measure, along with the others mentioned above, will only affect the period 2012-2013.

ii) *Exceptional measures to incentivize collection of shadow income*. Together with measures raising the effective corporate tax rate, the 2012 budget also introduces provisions to encourage Spanish firms to expand abroad. In particular, it will allow firms to repatriate funds in tax havens and low taxation territories via dividends with a tax rate of just 8%. The government hopes that this will encourage firms to repatriate 9.375 billion euros, on which it hopes to collect 750 million euros in taxes. A tax regularisation plan (or fiscal amnesty) has also been approved, consisting of the establishment of a special 10% tax rate for taxpayers who bring to light undeclared income (the proceeds of tax evasion) before November 30th, 2012. The government anticipates that this measure will bring 25 billion euros into legal circuits and allow additional tax revenues of 2.5 billion to be raised.

iii) *Structural modification of the duties on tobacco.* The structure of the tobacco tax has also been modified, with an increase in the fixed component and reduction in the ad valorem part. Specifically, the proportional rate has been cut by two percentage points, from 57% to 55%, while the specific rate per 1,000 cigarettes has been raised from 12.7 to 19 euros. According to the government, this new tax structure will also bring in an extra 150 million euros in taxes, while reducing smuggling and the illegal trade in tobacco.

iv) *Increase of charges in relation to the administration of justice.* Finally, court fees have been increased substantially, and their scope has been expanded to include a wider range of areas, including private individuals, rather than just companies, as was previously the case. With the exclusion of penal jurisdiction, fees are now extended to labour law, civil and contentious-administrative cases. It is estimated that the increase in court fees will bring in additional revenues of 128 million euros.

The final impact on tax collection taking into consideration the macroeconomic context

Overall, even with the aforementioned reforms, the forecast tax income for 2012 will inevitably be affected by the economic recession anticipated for this year –a contraction of 1.7% in GDP and of 4.4% in domestic demand. Table 3 summarises the simultaneous impact on expected tax collection both of the envisaged macroeconomic scenario and the reforms passed.

Even with the aforementioned reforms, the forecast tax income for 2012 will inevitably be affected by the economic recession anticipated for this year –a contraction of 1.7% in GDP and of 4.4% in domestic demand. Taxpayers' reactions to tax reforms will also affect final tax revenue.

Thus, the forecast revenue from income tax in 2012 is anticipated at 73.106 billion euros, representing an increase of 3.303 billion (4.7%) with respect to the taxes collected in 2011. This increase is less than the impact of the complementary levy mentioned above, which is expected to be 4.1 billion euros. Were it not for the increase in tax rates, the revenue collected by this tax would drop as a result of the unfavourable evolution of employment, and consequently, wage income. This decline in tax revenue is due to the fact that the macroeconomic scenario for 2012 projects a decline in the number of wage earners of 3.8%, with an increase in average earnings of just 0.3%, inevitably leading to a contraction in total wages and salaries. At the same time, earnings by the self-employed are also expected to decrease, although a slight improvement in earnings on capital is forecast, thus partially offsetting the two preceding negative factors. As regards tax collection from the main tax on consumer spending, the value-added tax (VAT), the revenue forecast for 2012 is 47.691 billion euros. This, therefore, represents a drop of 1.611 billion euros compared to that obtained in 2011 –a decrease of 3.3%. This forecast has been made on the assumption that domestic household consumption, the main determinant of this tax, will experience near zero growth, in contrast to a rise of 3.5% in 2011. At the same time, general government spending and home purchases are also set to contract sharply.

Income from duties is projected to reach 18.426

Table 3

Forecast tax collection for 2012 taking into account the macroeconomic scenario for the period

Tax	Revenues (millions of euros)	Annual change (%)
Personal income tax	73,106	4.7%
VAT	47,691	-3.3%
SPECIAL TAXES	18,426	-2.9%
Wines and spirits	753	-2.5%
Beer	276	-1.1%
Intermediate products	17	0.0%
Tobacco products	6,884	-5.1%
Hydrocarbons	9,094	-2.1%
Electricity	1,402	2.2%
Total	139,223	0.8%

billion euros in 2012, a drop of 557 million euros (2.9%) relative to 2011 revenues. The tax on hydrocarbons is expected to decline by 2.1% to 9.094 billion euros, with a drop in consumption, in physical terms, of over 3%. The income expected from the tax on tobacco products is 6.884 billion euros, 5.1% less than in 2011. This estimate is based on the assumption that there will be a further drop in consumption, which will not be offset by higher prices, and that the changes in the structure of the tobacco tax will yield the additional income of 150 million euros mentioned above. Tax on electricity is expected to raise revenues of 1.402 billion euros, with an increase of 2.2% compared to 2011, due to rising electricity prices.

Public spending cuts

This section gives a short description of the public spending adjustments included in both the Royal Decree of December 30th, 2011, and the General State Budget. The scale of the expenditure adjustment in the national budget figures is 18.094 billion euros. Of this amount, 9 billion euros corresponds to central government (50.0% of the adjustment), 3.719 billion euros to the social security fund (20.6%) and 5.302 billion euros to autonomous organisations, state agencies and other public bodies (29.4%). Nevertheless, given the seriousness of the situation, Rajoy's government has announced additional cuts that will affect health and education spending. These measures are expected to save an extra 10 billion euros (with 70% in the area of health spending), and will have a direct impact on the regions, given that they are responsible for managing these two areas.

Extension of the 2011 budget and measures to control the deficit included in Royal Decree/Law 20/2011, December 30th, 2011

For the reasons set out in the introduction to this article, for 2012, the previous year's budget was extended. To ensure budgetary discipline, Royal Decree/Law 20/2011 limited the availability of credit under the extended budget by 8.915 billion euros. Additionally, this legislative instrument introduced a number of urgent measures to control the public deficit. Specifically, the salaries of public-sector workers, including senior officials, were frozen, and their standard working week was increased by 2.5 hours to 37.5 hours. New recruitment in the public sector has also been put on hold. New staff can therefore only be hired under exceptional circumstances to meet urgent needs. However, this limitation will not be applicable in strategic sectors –teaching, health, the security forces, the armed forces, and authorities responsible for tackling issues related to employment and tax fraud– where the replacement rate has been set at 10%.

The overall cost of pensions will therefore rise by 3.660 billion euros in 2012 as a consequence of the rise and the increase in the number of pensioners. This figure far exceeds the savings obtained from the reduction in personnel expenses.

The savings these measures are expected to bring to the central government, considering all sectors, are estimated at 564 million euros. Although the objective of the Royal Decree is to introduce urgent deficit-control measures, the instrument also includes a rise of 1% for both contributory and non-contributory pensions. The increase in total pension payments by the State sector (civil service pensions) comes to 796 million euros. According to official estimates, expenditure on other contributory and non-contributory pensions will increase by 2.864 billion euros. The overall cost of pensions will therefore rise by 3.660 billion euros in 2012 as a consequence of the rise and the increase in the number of pensioners. This figure far exceeds the savings obtained from the reduction in personnel expenses mentioned above.

Cost-control measures in the General State Budget

On March 14th, 2012, both chambers of the Spanish parliament (the Congress and the Senate) approved the establishment of a government expenditure ceiling. The limit was set at 118.565 billion euros, although the final amount included in the draft national budget was 116.140 billion euros. An adjustment of 2.270 billion has been made to this figure, to reflect expenses incurred in previous years, which were not included in the budgets. Thus, the effective limit on government non-financial operations for 2012 is 113.870 billion, 6.7% less than in 2011.

Cuts in the State sector

The total expense budget for the State sector is 214.701 billion euros. 17% of this amount, 36.489 billion euros, will be transferred to the regions as settlement of payments for the regional financing system in 2010. Adjustments of 2.270 billion euros relating to expenses from previous years will also need to be made. Thus, the total State expenditure budget for 2012 is set to drop to 175.942 billion euros. Of this amount, 113.870 billion (the expenditure ceiling referred to above) corresponds to non-financial operations and 12.021 billion to financial assets. As Table 4 shows, the sum of these two items is basically earmarked for the ministerial departments (52.3%) and a series of expense commitments –interest on debt, contributions to the European Union, civil service pensions, and the contingency fund– (43%). The remaining 4.7% basically corresponds to the royal household, constitutional bodies, the inter-territorial compensation fund, and the Spanish contribution to the European Financial Stability Facility (EFSF).

As Table 4 shows, the biggest adjustment corresponds to ministerial departments, whose expenditure has been cut by 16.9%, or 13.406 billion euros. For more details, see Table A3 in the Appendix. However, the budget available for the state sector has been reduced by 9 billion euros (-6.7%), compensated fundamentally by the contribution to the EFSF (3.809 billion euros), the sharp rise in the cost of debt (1.448 billion euros) and the cost of civil-service pensions (790.7 billion euros).

In terms of expenditure categories, the biggest cuts are in capital transfers to the Regions and to fund R&D projects, current transfers to the public employment service, and cuts in development aid programmes, together with a decline in investments destined primarily for road and rail infrastructure.

In terms of economic expenditure categories, the biggest cuts are in capital transfers to the regions and to fund R&D projects (4.340 billion euros), current transfers to the public employment service (2.465 billion euros) –even as unemployment rose by 630 thousand– and cuts in development aid programmes (1.389 billion euros), together with a decline in real investments destined primarily for road and rail infrastructure (1.138 billion euros).

Social security cutbacks

The total expense budget for the social security system in 2012 comes to 120.698 billion euros, a drop of 3% between 2011 and 2012. As Table 5 shows, all the expense items, except current transfers, have been adjusted downwards in 2012 – sharply in the case of capital operations. Note that current transfers, which account for 95.8% of total social security spending, are set to increase by 1.2%. What is more, the estimated increase in contributory pensions, which account for 84.4% of total social security spending (101.953 billion euros in 2012), is 2.864 billion euros –due to the combined effect of the increase

Table 4

Budgetary adjustment for State sector managed expenditure

	2011 (1)	2012 (2)	Change (millions of euros)	Change Δ(2)/(1) (%)
Available budget[(a)]	134,982.6	125,981.8	**-9,000.8**	-6.7%
Ministerial departments	79,208.8	65,802.9	-13,405.9	-16.9%
Committed expenditure	52,447.1	54,221.5	1,774.4	3.4%
Debt interest	27,400.0	28,848.0	1,448.0	5.3%
Contributions to the EU	12,117.3	11,770.7	-346.6	-2.9%
Civil service pensions	10,489.3	11,280.0	790.7	7.5%
Contingency fund	2,440.4	2,322.8	-117.6	-4.8%
Other expenditure	3,326.5	5,867.4	2,540.7	76.4%
Royal household	8.4	8.2	-0.2	-2.4
Constitutional bodies	389.6	375.5	-14.1	-3.6
Inter-territorial compensation fund	1,074.3	671.5	-402.8	-37.5
European Financial Stability Facility	----	3,809.0	3,809.0	----
Miscellaneous	1,854.0	1,002.8	-851.2	-45.9

(a) Budget for non-financial expenses plus financial assets. Net of adjustments for previous years and settlement of support grants to finance the regions.

in the number of pensioners and the rise of 1% mentioned previously. With these modifications, the adjustment to the Social Security budget in 2012 will come to 3.720 billion euros. It is worth noting that this adjustment of -3.0%, is in terms of financial operations, and can be attributed to a smaller contribution to the guarantee fund. However, an examination of the budget in terms of non financial operations actually reveals an increase of 0.9%.

Cuts in the budget for autonomous organisations and public bodies

Along with the national government and the social security system, the General State Budget includes autonomous organisations, state agencies, and other public bodies belonging to central government. The total budget in 2012 for these three spending areas was 51.206, 1.306 and 1.515 billion euros, respectively. As the information in Tables 6 to 8 shows, overall, the budget available to these public bodies –i.e. the sum of their non-financial transactions and financial assets– has been cut by 5.305 billion euros in 2012 (-8.97%). Of this figure, 87% corresponds to the autonomous organisations (4.582 billion euros), 10% to state agencies (514 million euros), and lastly, 4% to other central government bodies (208 million euros). In the case of the autonomous organisations, the biggest drop in spending in absolute terms corresponds to current transfers (3.6862 billion). Of this total, 79% is managed by the State Employment Service, one of the basic tasks of which is to pay unemployment benefits. In

Table 5

Social Security expense budget

Areas of expenditure	2011 (1)	2012 (2)	Change (million euros)	Change Δ(2)/(1) %
Staff costs	2,378.1	2,358.0	-20.0	-0.8
Goods and services	1,718.6	1,540.6	-177.9	-10.4
Financial expenses	18.4	16.2	-2.0	-11.4
Current transfers	114,279.3	115,683.3	1,403.9	1.2
Total current transactions	118,394.4	119,598.3	1,203.8	1.0
Real investments	426.9	282.7	-144.2	-33.8
Capital transfers	5.1	2.1	-3.0	-58.9
Total capital transactions	432.1	284.8	-147.2	-34.1
Total non-financial transactions	118,826.5	119,883.1	1,056.5	0.9
Financial assets	5,591.5	815.1	-4,776.4	-85.4
Financial liabilities	0.4	0.0	-0.4	-93.6
Total financial transactions	5,592.0	815.1	-4,776.8	-85.4
Total budget	124,418.6	120,698.3	**-3,720.3**	-3.0

this regard, the forecasts for the draft budget show that this expenditure programme will be reduced by 2.269 billion euros in 2012 (-5.5%), despite the number of unemployed being projected to rise by over 600 thousand over the course of the year.

Table 6

Expense budget for autonomous organisations

Areas of expenditure	2011 (1)	2012 (2)	Change (millions of euros)	Change Δ(2)/(1) %
Staff costs	1,980.1	1,886.8	-93.3	-4.7
Goods and services	2,263.0	2,209.4	-53.6	-2.4
Financial expenses	21.7	20.7	-1.0	-4.7
Current transfers	47,618.2	43,932.1	-3,686.2	-7.7
Total current transactions	51,883.1	48,049.1	-3,834.1	-7.4
Real investments	1,529.0	1,091.0	-437.6	-28.6
Capital transfers	2,130.1	1,820.5	-309.6	-14.5
Total capital transactions	3,659.2	2,911.7	-747.5	-20.4
Total non-financial transactions	55,542.3	50,960.8	-4,581.6	-8.2
Financial assets	11.7	11.3	-0.4	-3.8
Financial liabilities	200.3	234.6	34.3	17.1
Total financial transactions	212.1	245.9	33.8	15.9
Total budget	55,754.5	51,206.7	-4,547.8	-8.2

Table 7

Expense budget for state agencies

Areas of expenditure	2011 (1)	2012 (2)	Change (millions of euros)	Change Δ(2)/(1) %
Staff costs	469.90	494.13	24.2	5.2
Goods and services	258.29	253.18	-5.1	-2.0
Financial expenses	0.06	0.56	0.5	833.3
Current transfers	729.12	307.68	-421.4	-57.8
Total current transactions	1,457.37	1,055.55	-401.8	-27.6
Real investments	235.88	207.60	-28.3	-12.0
Capital transfers	122.89	38.49	-84.4	-68.7
Total capital transactions	358.78	246.09	-112.7	-31.4
Total non-financial transactions	1,816.14	1,301.64	-514.5	-28.3
Financial assets	0.63	0.71	0.1	12.7
Financial liabilities	0.51	4.00	3.5	684.3
Total financial transactions	1.14	4.71	3.6	313.2
Total budget	1,817.29	1,306.35	-510.9	-28.1

Table 8

Expense budget for other public bodies

Areas of expenditure	2011 (1)	2012 (2)	Change (millions of euros)	Change Δ(2)/(1) %
Staff costs	1,108.7	1,073.9	-34.9	-3.1
Goods and services	386.4	369.0	-17.5	-4.5
Financial expenses	0.3	0.2	-0.1	-19.4
Current transfers	3.6	3.6	0.0	1.4
Total current transactions	1,499.2	1,446.8	-52.4	-3.5
Real investments	221.3	65.9	-155.3	-70.2
Capital transfers	1.8	0.9	-0.9	-46.7
Total capital transactions	223.1	66.9	-156.2	-70.0
Total non-financial transactions	1,722.3	1,513.8	-208.5	-12.1
Financial assets	1.8	1.4	-0.3	-17.7
Financial liabilities	---	---		
Total financial transactions	1.8	1.4	-0.3	-17.7
Total budget	1,724.1	1,515.3	-208.8	-12.1

APPENDIX

Table A1

State-level tax rate applicable to the general tax base in 2011, 2012, and 2013

Tax base	Tax liability	Remainder	Rate (%)
2011			
0	0	17,707.20	12.00
17,707.20	2,124.86	15,300.00	14.00
33,007.20	4,266.86	20,400.00	18.50
53,407.20	8,040.86	66,593.00	21.50
120,000.20	22,358.36	55,000.00	22.50
175,000.20	34,733.36	And above	23.50
2012 and 2013			
Tax base	**Tax liability**	**Remainder**	**Rate (%)**
0	0	17,707.20	12.75
17,707.20	2,257.66	15,300.00	16.00
33,007.20	4,705.66	20,400.00	21.50
53,407.20	9,091.66	66,593.00	25.50
120,000.20	26,072.88	55,000.00	27.50
175,000.20	41,197.88	125,000.00	29.50
300,000.20	78,072.88	And above	30.50

Table A.2

Tax rate applicable to the savings tax base (state and regional segments) in 2011, 2012 and 2013

2011		2012 and 2013	
Tax base	**Rate (%)**	**Tax base**	**Rate (%)**
0	19	0	21
6,000.00	21	6,000.00	25
		24,000.00	27

Table A3

Regional tax rate applicable to the general tax base in 2011, 2012, and 2013

ANDALUSIA			
Tax base	**Tax liability**	**Remainder**	**Rate**
0	0	17,707.20	12.00
17,707.20	2,124.86	15,300.00	14.00
33,007.20	4,266.86	20,400.00	18.50
53,407.20	8,040.86	26,592.80	21.50
80,000.00	13,758.31	20,000.00	22.50
100,000.00	18,258.31	20,000.00	23.50
120,000.00	22,958.31	And above	24.50
ARAGON - CANARY ISLANDS - CASTILE-LA MANCHA - CASTILE-LEON - GALICIA - BALEARIC ISLANDS			
Tax base	**Tax liability**	**Remainder**	**Rate**
0	0	17,707.20	12.00
17,707.20	2,124.86	15,300.00	14.00
33,007.20	4,266.86	20,400.00	18.50
53,407.20	8,040.86	And above	21.50
ASTURIAS			
Tax base	**Tax liability**	**Remainder**	**Rate**
0	0	17,707.20	12.00
17,707.20	2,124.86	15,300.00	14.00
33,007.20	4,266.86	20,400.00	18.50
53,407.20	8,040.86	36,592.80	21.50
90,000.00	15,908.32	85,000.00	24.00
175,000.00	36,308.32	And above	25.00
CANTABRIA			
Tax base	Tax liability	Remainder	Rate
0	0	17,707.20	12.00
17,707.20	2,124.86	15,300.00	14.00
33,007.20	4,266.86	20,400.00	18.50
53,407.20	8,040.86	14,300.00	21.50
67,707.20	11,115.36	12,300.00	22.00
80,000.00	13,821.36	19,400.00	22.50
99,407.20	18,186.36	20,600.00	23.50
120,007.20	23,027.36	And above	24.50

CATALONIA			
Tax base	**Tax liability**	**Remainder**	**Rate**
0	0	17,707.20	12.00
17,707.20	2,124.86	15,300.00	14.00
33,007.20	4,266.86	20,400.00	18.50
53,407.20	8,040.86	66,593.00	21.50
120,000.20	22,358.36	55,000.00	23.50
175,000.20	35,283.36	And above	25.50

VALENCIA			
Tax base	**Tax liability**	**Remainder**	**Rate**
0	0	17,707.20	11.90
17,707.20	2,107.96	15,300.00	13.92
33,007.20	4,236.92	20,400.00	18.45
53,407.20	8,000.72	And above	21.48

EXTREMADURA			
Tax base	**Tax liability**	**Remainder**	**Rate**
0	0	17,707.20	12.00
17,707.20	2,124.86	15,300.00	14.00
33,007.20	4,266.86	20,400.00	18.50
53,407.20	8,040.86	7,300.00	21.50
60,707.20	9,610.36	19,300.00	22.00
80,007.20	13,856.36	19,400.00	22.50
99,407.20	18,221.36	20,600.00	23.50
120,007.20	23,062.36	And above	24.50

MADRID AND RIOJA			
Tax base	**Tax liability**	**Remainder**	**Rate**
0	0	17,707.20	11.60
17,707.20	2,054.04	15,300.00	13.70
33,007.20	4,150.14	20,400.00	18.30
53,407.20	7,883.34	And above	21.40

MURCIA			
Tax base	**Tax liability**	**Remainder**	**Rate**
0	0	17,707.20	12.00
17,707.20	2,124.86	15,300.00	14.00
33,007.20	4,266.86	20,400.00	18.50
53,407.20	8,040.86	66,593.00	21.50
120,000.20	22,358.36	55,000.00	22.50
175,000.20	34,733.36	And above	23.50

Table A4

Change in expenditure of ministerial departments(a)

Ministerial departments	2011	2012	Change Millions of euros	Change %
1. External Affairs and Cooperation	2,645.71	1,205.20	-1,440.51	-54.4
2. Justice	1,680.53	1,574.00	-106.53	-6.3
3. Defence	6,928.89	6,316.44	-612.45	-8.8
4. Treasury and Public Administration	3,473.17	2,679.21	-793.96	-22.9
5. Interior	7,821.92	7,484.62	-337.30	-4.3
6. Public Works	8,936.97	5,843.08	-3,093.89	-34.8
7. Education, Culture and Sport	3,918.25	3,088.31	-829.94	-21.2
8. Employment and Social Security	22,592.67	20,924.40	-1,668.27	-7.4
9. Industry, Energy and Tourism	5,514.55	3,752.88	-1,761.67	-31.9
10. Agriculture, Food and Environment	2,807.54	1,931.69	-875.85	-31.2
11. Presidency	449.03	432.00	-17.03	-3.8
12. Health, Social Services and Equality	2,674.32	2,309.19	-365.13	-13.7
13. Economics and Competitiveness	7,480.77	6,062.11	-1,418.66	-19
14. Expenses attributable to various ministries	2,284.81	2,199.78	-85.03	-3.7
TOTAL	79,209.13	65,802.91	-13,406.22	-16.9

(a) Excludes obligations from previous years and contribution to EFSF.