

(English version)

**Question for written answer E-000251/25
to the Commission
Nora Junco García (ECR), Diego Solier (ECR)
(21 January 2025)**

Subject: The impact of tax hikes in Spain — A threat to competitiveness and social cohesion

We view with great concern the fiscal policy of the current Spanish Government, led by Pedro Sánchez. The government has announced an unprecedented tax increase, estimated at EUR 60 billion. This increase represents a revenue equivalent to Spain's annual spending on education, or double the amount obtained through corporate taxation, and is a disproportionate blow to citizens, who are already affected by inflation and economic stagnation.

Spain does not need more taxes; it needs structural reforms. The excuse of harmonising the tax burden with other EU countries is unfounded, as it fails to consider that richer countries have robust economies that can support higher tax burdens without harming their citizens. In Spain, by contrast, a poorly designed tax model continues to punish labour recruitment and entrepreneurship. We are concerned that these fiscal plans ignore viable alternatives, such as optimising public spending.

In view of this:

1. How does the Commission assess the impact of a tax hike of this magnitude on Spain's economic competitiveness and social cohesion?
2. What measures does the Commission propose to prevent NextGenerationEU funds from being wasted on ineffective projects?
3. Is the Commission considering revising its approach to Spain to prioritise structural reforms rather than tax increases?

Submitted: 21.1.2025

**Answer given by Mr Hoekstra on behalf of the European Commission
(14 March 2025)**

In the framework of the European Semester, the Commission monitors the performance of the Member States' tax systems, including Spain. In 2024, the Council issued its recommendation on the economic, social, employment, structural and budgetary policies of Spain ⁽¹⁾.

The view of the Council (Recital 20), based on the Commission's recommendation, is that tax reforms should be a central part of Spain's fiscal consolidation strategy.

Thus, it was recommended to Spain to ensure fiscal sustainability including by: reviewing and simplifying the tax system in order to support economic growth and employment, cohesion and the green transition; and improving the quality, efficiency and equity of public spending.

According to the Council Implementing Decision approving the assessment of the recovery and resilience plan for Spain ⁽²⁾, the objectives pursued by the reform of the Spanish tax system that was included as a measure in that plan (Component 28) are to make it more equitable, progressive, sustainable and fair, while deepening the design of green taxation, incorporating a gender perspective and enhancing public policies of general interest, such as health protection. Other objectives include to increase tax compliance and collect more tax revenue (Component 27).

In this context, Spain has adopted a number of measures to increase the efficiency of the structure of the tax system by: implementing the 'polluter pays' principle; improving income redistribution; addressing tax evasion; internalizing social costs; and modernizing the tax system.

These measures have been positively assessed by the Commission in past payment requests, while other tax measures are being assessed now or will be in the future ⁽³⁾.

⁽¹⁾ <https://data.consilium.europa.eu/doc/document/ST-11701-2024-INIT/en/pdf>

⁽²⁾ https://commission.europa.eu/document/download/ed27b95c-50d1-4db2-907a-619ec619d635_en?filename=COM_2024_592_1_EN_annexe_proposition_cp_part1_v4.pdf

⁽³⁾ See for further reference: Commission's preliminary assessment of the first payment request of Spain: https://commission.europa.eu/document/download/183d154f-dd37-4220-b542-3ad88cfd2052_en?filename=rrf-preliminary-assessment-1st-payment-request-spain.pdf
Commission's preliminary assessment of the 2nd payment request of Spain: https://commission.europa.eu/document/download/df0421da-e704-44e9-8b1e-9e3a9bce45d7_en?filename=c_2022_4574_1_annexe_en.pdf
Commission's preliminary assessment of the 3rd payment request of Spain: https://commission.europa.eu/document/download/31ffd973-ed88-4055-91ab-a6663b65d08f_en?filename=C_2023_1280_1_annexe_en.pdf
Commission's preliminary assessment of the 4th payment request of Spain: https://commission.europa.eu/document/download/e8b93743-5a80-4c10-9caa-4dabedc95728_en?filename=C_2024_4171_1_EN_annexe_acte_autonome_nlw_part1_v2_1.pdf

Efforts made by Member states to ensure fiscal stability are welcome and encouraged by the Commission.
