



ECCVAT

**VAT IN SPAIN
FOR PERSONS WITH
DISABILITIES
AND THEIR ORGANISATIONS**



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- 1. GENERAL SITUATION**
- 2. VAT IN SPAIN**
- 3. APPLICATION OF REDUCED RATES**



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1. GENERAL SITUATION



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1. GENERAL SITUATION

- First Law on Patronage published in 1994
- Reform of the Law on Patronage in 2002.



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1. GENERAL SITUATION

- Exemption of Corporation Tax
- Exemption of local taxes
- Deduction on donations by individuals and firms



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1. GENERAL SITUATION

- Two Income Tax reforms: 1998 and 2002
- Adequate treatment given to the situation of persons with disabilities.



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2. VAT IN SPAIN



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2. VAT IN SPAIN

- Introduced in 1986, coinciding with the entry in the Common Market.
- Important progress of the Spanish economy
- Less favourable treatment for non-profitmaking Companies



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2. VAT IN SPAIN

- The previous system gave exemptions to non-profitmaking Companies for their purchases
- With VAT the price of the purchases of these Companies becomes greater



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2. VAT IN SPAIN

REFORMS TO BE IMPLEMENTED

- VAT refund mechanism in purchases of goods and services by non-profitmaking companies
- Application of reduced and overreduced rates in investments and other purchases carried out by non-profitmaking companies.



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2. VAT IN SPAIN

REFORMS TO BE IMPLEMENTED

- Possibility for non-profitmaking companies to choose between exemption and low rate payment.
- Extension of overreduced rates to new goods and services related to the activities of non-profitmaking companies.



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3. REDUCED RATES



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3. REDUCED RATES

- There are three VAT rates in Spain: A general one at 16%, a reduced one at 7% and an overreduced one at 4%
- The 7% rate is applied to some products and the 4% rate to others used by people with disabilities



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3. REDUCED RATES

- The 7% rate is applied to:
 - equipment to replace human physical disabilities
 - equipment to replace animal physical disabilities
 - health products and similar to cure ailments
 - female personal hygiene products



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3. REDUCED RATES

- The 4% rate is applied to:
 - cars for the disabled
 - wheelchairs
 - prosthesis, orthosis and internal implants



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3. REDUCED RATES

REFORMS TO BE IMPLEMENTED

- Reform of the Spanish law to allow persons with disabilities to benefit from overreduced rates for all the goods they use.
- Reform of the European norm to implement VAT exemption for all goods used by persons with disabilities.



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3. REDUCED RATES

REFORMS TO BE IMPLEMENTED

- Extend overreduced rates to specialized services offered to persons with disabilities.