

## **SUMMARY**

### **Summary of Report 6/2020, relating to the Government of Catalonia's own taxes, year 2018**

*Barcelona, 29 July 2020*

The Public Audit Office for Catalonia has issued Report 6/2020, relating to the Government of Catalonia's own taxes in financial year 2018, in accordance with its Annual Programme of Activities.

The report, which was presented by the Chairman, Mr Jaume Amat, was approved by the Audit Office Board at its meeting on 30 June 2020.

The purpose of this limited audit assignment was to check compliance with current legislation applying to the Catalan Government's own taxes, to analyse the management systems set up to administer these taxes, and to review the activities undertaken and how they were reported in the accounts and the budget cycle.

The audit focussed on the Government's four own taxes which brought in the largest receipts in year 2018: the tax on large retailing establishments (TLRE), the empty housing tax (EHT), the tax on stays at tourist establishments (TSTE) and the tax on packaged sugary drinks (TPSD).

The administration, collection, exaction and inspection of all of the Government of Catalonia's own taxes, and also, as delegated by the Spanish State (central) Government, of State taxes ceded to the Catalan Government, is assigned to the Catalan Tax Agency (ATC). The ATC was set up under, and is regulated by, Act 7/2007, of 17 of July, and reports to the government department responsible for the exchequer.

According to the revenue statement in the Catalan Government's budgetary accounts for year 2018, realised receipts for TLRE came to €12.17m; for EHT they were €16.26m; for TSTE they totalled €60.94m; and for TPSD they came to €41.90m.

The most significant findings arising from the audit work carried out, as explained in the Conclusions section of the report, can be summarised as follows:

- Although the procedures for calculating people's tax returns were computerised and the programme ensured the calculations were correct, the way taxpayers submitted the information that the returns were based on created some uncertainty. This was because the checks carried out by the ATC were not subject to an established schedule, and data was obtained from different sources without ensuring its integrity, because external

data registers were not always updated, and in some cases the only check was to review the data's reasonableness in relation to previous periods.

- The audit detected €261,676 of self-assessed TLRE tax statements which had been submitted but never paid and which, given the time lapsed, should have been transferred to forcible collection. The audit also uncovered €77,762 of TSTE documents from previous years in the e-Spriu programme whose details had not been transferred to the G@audi programme, in order to initiate forcible tax collection.
- The Audit Office found €362,954 of TPSD self-assessed tax returns reported in the 2018 accounts which corresponded to taxable activities in the third quarter of 2017; these should have been registered in the 2017 accounts.
- The ATC did not have a record of the real time-lapse of revenues pending collection from previous years.

Lastly, the report includes a series of recommendations which, in the Audit Office's opinion, would help to improve the issues mentioned in the Findings section. The report recommends, amongst other matters, that the ATC should draw up a manual of procedures to oversee these taxes and arrange a systematic plan of automated official requests to taxpayers listed in the corresponding censuses who have not submitted tax returns.

This summary is solely for information purposes. The audit report (in Catalan and Spanish) can be consulted at [www.sindicatura.cat](http://www.sindicatura.cat).