

Taxation: Commission refers Spain to the Court for imposing disproportionate sanctions for failure to report assets held abroad

The Commission decided today to refer SPAIN to the Court of Justice of the EU for imposing disproportionate penalties on Spanish taxpayers for the failure to report assets held in other EU and EEA States (“Modelo 720”).

Currently, Spain requires resident taxpayers to submit information on the assets they hold abroad. This includes properties, bank accounts and financial assets. The failure to submit this information on time and in full is subject to sanctions that are higher than those for similar infringements in a purely domestic situation, and which may even exceed the value of assets held abroad.

The Commission considers that such sanctions for incorrect or belated compliance with this legitimate information obligation are disproportionate and discriminatory. They may deter businesses and private individuals from investing or moving across borders in the Single Market.

Such provisions are consequently in conflict with the fundamental freedoms in the EU, such as the free movement of persons, the free movement of workers, the freedom of establishment, the freedom to provide services and the free movement of capital.

Background

The European Commission opened the EU infringement proceedings in November 2015 with a letter of formal notice, followed by [a reasoned opinion on 15 February 2017](#). Since Spain has not yet complied, the Commission decided today to bring the matter before the Court of Justice of the EU.

For More Information

- On the key decisions in the June 2019 infringements package, see full [MEMO/19/2772](#).
- On the general infringements procedure, see [MEMO/12/12](#).
- On the [EU infringements procedure](#).