

Majorca Daily Bulletin

Saturday, June 21 2014

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● ESRA North's special event: See Page 15



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SPANISH TAX CUTS

Madrid.—Spain announced yesterday it would cut income tax and reduce corporate tax to 25 percent for large companies by 2016, aiming to speed up a nascent economic recovery.

The cuts are part of a proposed bill that is Prime Minister Mariano Rajoy's main structural reform this year and also included reducing tax breaks to lift the country's tax revenue, currently one of the lowest in Europe.

The government said the plan will boost gross domestic product by 0.55 percent over the two years 2015 and 2016, but it has been roundly criticised by unions and economists as details of it were revealed over the last few months. Unions say tax

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cuts are merely a populist measure ahead of elections next year while some economists say growth is not yet strong enough to justify tax cuts and the move risks hurting the government's ability to meet its budget deficit targets.

"The moment has come for the Spanish to be recompensed for the efforts that they've made," Treasury Minister Cristóbal Montoro said at a press conference fol-

lowing the weekly cabinet meeting. "The moment has come to strengthen economic growth, stimulate savings, investment and job creation." The government said it would reduce the number of income tax bands to five from seven and cut rates on each band, while also reducing corporate rates for large companies to 25 percent from 30 percent over the next two years.

The lower income tax rates mean 20 mil-

lion income-tax payers will have about 5 billion euros in additional disposable income over the next two years, Montoro said. Spain has been in and out of recession since a 2008 property crash which has left one in four workers unemployed and has put thousands of companies out of business.

The burst housing bubble sent revenues from the once lucrative construction and real estate sectors tumbling and helped push the public deficit to near-unsustainable levels. Over the last three years, the government has passed a slew of unpopular tax hikes and deep spending cuts to bring down the public shortfall and convince nervous financial markets

Spain's former King Juan Carlos to get legal immunity

Madrid.—Spain's government proposed new rules yesterday to shield former King Juan Carlos of Spain from civil and criminal lawsuits in ordinary courts following his abdication in favour of his son Felipe this week.

Under the proposed measures, the former monarch will only answer to the Supreme Court,

Spain's tribunal of last resort. Similar protection is afforded to high-ranking civil servants, people in political office and diplomats in Spain.

Two paternity suits were filed against Juan Carlos over a year ago, but courts did not process them because of his legal immunity as monarch. Without the new im-

munity rules, these cases could possibly be brought again in ordinary courts.

Juan Carlos announced on 2 June that he would step down in favour of his son, who was enthroned as King Felipe VI on Thursday. The move was seen as a bid to revive the scandal-hit monarchy.



FIRST day at the office: Spain's new King Felipe (Left) talks to Spain's Prime Minister Mariano Rajoy during a meeting at Zarzuela Palace in Madrid, 20 June, 2014.