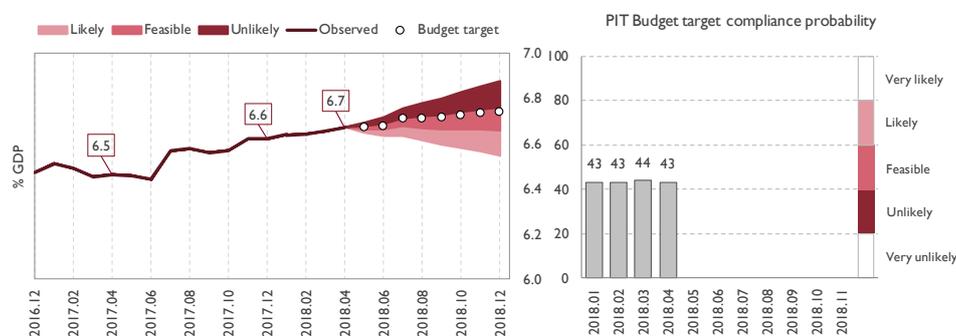


# Monthly stability target monitoring

## C. Taxes on hand before transfer

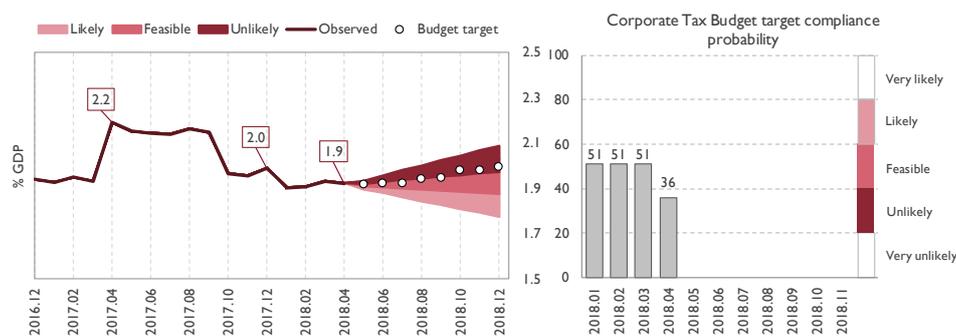
### April 2018

**FIGURE 1 PERSONAL INCOME TAX (PIT) BEFORE TRANSFER**



- PIT grew by 7.7% in April in 12-month accumulated terms. This was mainly as a result of deductions on labour, both motivated by the increase in the deduction basis (due to job creation) and the increase in the effective rate (as a result of improved wages).
- The growth of 6.4% in the January-April period is the same as that recorded in 2017, above nominal GDP growth, and its weight on GDP grew by 0.1%.
- AIReF's rating remains feasible.

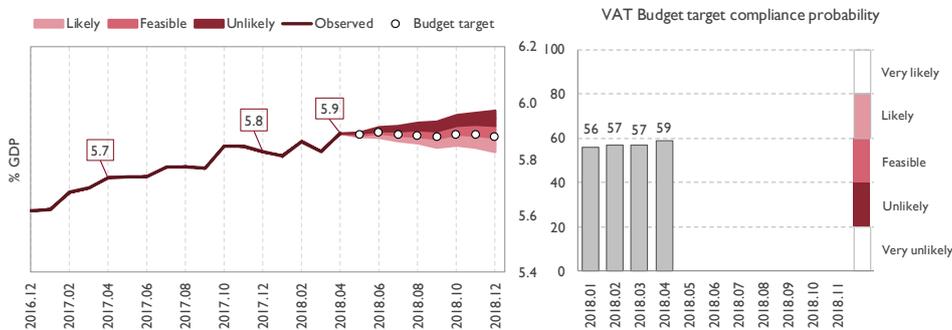
**FIGURE 2 CORPORATE INCOME TAX (CIT)**



- CIT fell by -8.5% in April in 12-month accumulated terms, far from the growth of 6.8% recorded at the end of 2017.
- In the first 4 months of 2018 revenue fell by -22.9%, mainly as a result of the stagnation of the first instalment payment and the increase of rebates with respect to the previous year.
- With the data available until April, AIReF considers it unlikely to achieve the target envisaged in the 2018 GSB.



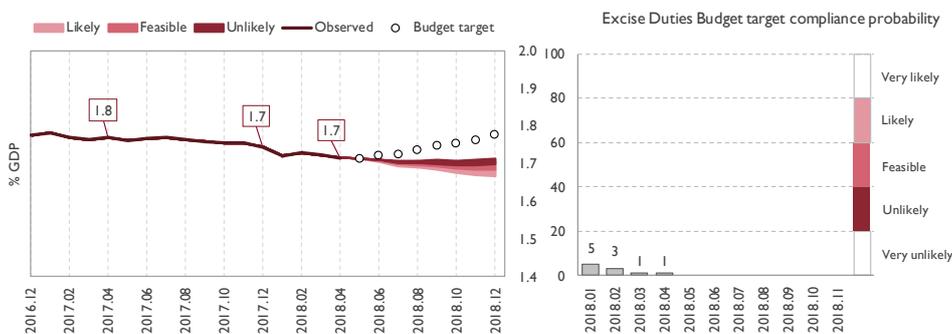
**FIGURE 3 VALUE ADDED TAX (VAT) BEFORE TRANSFER**



(\*): Since August, revenues have been adjusted for the impact of the introduction of the VAT Immediate Information System that delays cash receipts by one month.

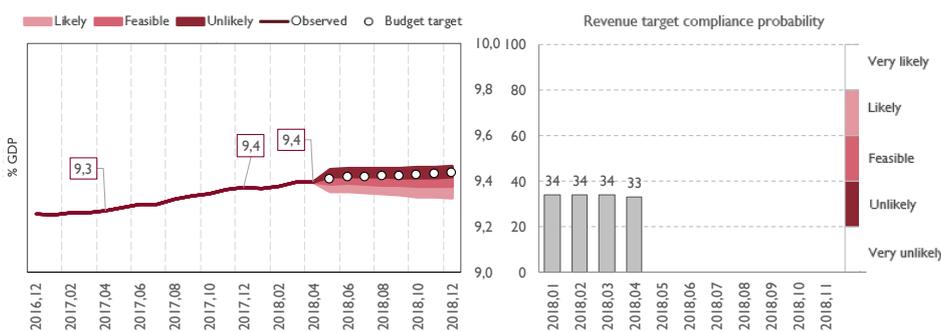
- VAT collection in April, accumulated over 12 months, increased by 7.1%, lower than the 7.9% recorded at the end of 2017.
- So far this year it has grown by 6.5% (3.4% without the effect of the IIS).
- For the whole of 2018 AIReF forecasts a growth in line with the budgets and considers the GSB forecast to be feasible.

**FIGURE 4 SPECIAL TAXES BEFORE TRANSFER**



- ST grew by 1.1% in April, in 12-month accumulated terms, a rate much lower than the 2.2% recorded until December 2017.
- AIReF's forecast for the end of 2018 deems compliance with the 6.4% envisaged in the budgets to be highly unlikely.

**FIGURE 5 SOCIAL SECURITY CONTRIBUTIONS**



Sources: AEAT, General Social Security Agency and AIReF's estimates

- Contributions grew until April, in 12-month accumulated terms, 5.7% above nominal GDP.
- Social Security contributions reached a weight over GDP of about 9.4% through April 2018.
- The AIReF considers it unlikely that the growth forecasts of the GSB will be met.



## Assumptions and Notes on Monthly Monitoring

- AIReF's forecasts are based on its own models for taxes and contributions and tax data available to date.
- The figures represent Personal Income Tax, Corporate Income Tax, VAT, Special Taxes and Contributions from the last twelve months accumulated as a percentage of GDP.
- AIReF's forecasts are compared with the target envisaged in the 2018 draft GSB.
- AIReF's updated forecast and the Government forecast are adjusted monthly, applying the same weights as assigned by the ARIMA Tramo Seats projection to each month for each of these components, considering both seasonality and series trends.
- Confidence intervals are obtained in two stages. First, a VAR model is estimated for the following variables: (i) sub-sector specific variables, such as expenditure, revenue and the ratio of public debt to GDP; and (ii) common variables referring to the national aggregate: real GDP, GDP deflator and ten-year government bond yields. Second, using projected trajectories for the different variables and the estimated joint distribution of VAR shocks, 15,000 probabilistic scenarios are constructed. The intervals shown have been used to assess the achievement of targets according to the following probabilities:

Very likely	80-99%: compliance highly likely
Likely	60-79%: compliance likely
Feasible	40-59%: compliance feasible
Unlikely	20-39%: compliance unlikely
Very unlikely	0-19%: compliance highly unlikely