

Funding the Future

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The new, right wing and already deeply unpopular Spanish government is proposing a massive tax amnesty for those (and there are many of them) who have been in the shadow economy in that country. But the proposal is not without its critics, as [tax-news.com notes](#):

Leader of Spain's main opposition Socialist Party (Partido Socialista — PSOE) Alfredo PÃ©rez Rubalcaba has recently announced his party's intention to contest the constitutionality of the government's planned tax amnesty, to prevent implementation of the ruling People's Party's (Partido Popular — PP) latest proposals.

Denouncing the "immorality" of the amnesty, Rubalcaba insisted that it is simply not fair to treat citizens worse when they pay their taxes than when they do not. It is not constitutional, he warned.

The Socialist Party's criticism of the plans follows hot on the heels of recent comments by the Spanish association of state tax inspectors (IHE), which insisted that the tax amnesty is "unethical" and "undermines the conscience of honest taxpayers" in Spain.

During the presentation of the draft state budget at the beginning of the month, the government unveiled plans to enable individuals to regularize their offshore and undeclared accounts by paying between 8% and 10% in tax.

Expected to yield around EUR2.5bn (USD3.29bn) for the state, the measure is designed to enable the government to meet its 5.3% of gross domestic product (GDP) deficit target in 2012 (down from 8.5% last year), as agreed with Brussels.

Echoing comments by Spain's Finance Minister Cristobal Montoro (PP), secretary general of the ruling People's Party Maria Dolores de Cospedal rejected claims that the new levy represents a tax amnesty, insisting that the initiative is merely aimed at regularizing a taxpayer's situation.

The semantics of justification do not help.

The fact is that the socialists and tax inspectors are right: offer such arrangements (as the UK is also doing for those who have committed tax crimes in Switzerland right now)

and you completely undermine the credibility of the whole tax system. Of course, that is what I suspect the right wing want: they hate government and all the benefits it provides that they would rather be charged for at profit to themselves but their culture of abuse of tax, of government, of people and even of markets has to be stopped if society is to survive.

I strongly support the socialist's and tax inspector's approach.