

## **Reduction of Wealth Tax in the Balearic Islands starting in 2024**

The electoral programme of the winning party in the Balearic Islands elections of 28 May 2023 included the promise of the progressive reduction of the Wealth Tax (in Spanish Impuesto de Patrimonio, abbreviated IP) until its total elimination. After several delays and rumours, the promise has materialized with the approval in the Balearic Islands 2024 budget law, approved on 29 December 2023, of an increase in the minimum exemption per person from €700,000 to €3,000,000, applicable to residents and non-residents. Therefore, only net assets above €3,000,000 will be subject to taxation, with a significant reduction in taxation compared to the current rate. For example, a net asset of €5,000,000, which until 2023 will have paid €73,497 per year in wealth tax, will pay only €23,521 per year from 2024 onwards.

Although we consider this measure to be insufficient, it is very good news for non-residents interested in investing in the Balearic Islands.

The Wealth Tax is a tax whose management corresponds to the different regions of Spain, which, depending on the political ideology of their regional governments, have eliminated it (as has happened in Madrid or Andalusia), maintained it or even increased it, as is the case of the Balearic Islands.

The Spanish central government, in a totally political decision and with the sole purpose of taxing the wealth of taxpayers in regions where the wealth tax had been eliminated, approved in an extraordinary way for 2022 and 2023 the so-called Impuesto de Solidaridad de las Grandes Fortunas (in Spanish, Impuesto de Solidaridad de las Grandes Fortunas, abbreviated ITSGF), which with a structure very similar to the Wealth Tax, forced to pay tax on wealth above €3,700,000, allowed to deduct what would have been paid in Wealth Tax and ultimately forced taxpayers in regions where the Wealth Tax had been eliminated to pay the tax. This tax, which was described as extraordinary and should only be applied for 2022 and 2023, has unfortunately already been extended for 2024.

In the case of the Balearic Islands, as the taxation of net assets over €3,000,000 is maintained, the ITSGF is not applicable as the taxation for Wealth Tax is still higher than that of the ITSGF.

If you are interested in optimizing your investments in Spain, or would like more information about Wealth Tax, please contact our office and we will be happy to advise you.

<b>Wealth tax in the Balearic Islands</b>				
	<b>Wealth tax until</b>	<b>Wealth tax from</b>	<b>ITSGF in Spain</b>	<b>ITSGF in Balearic</b>
<b>Net worth</b>	<b>December,31 2023</b>	<b>January,1 2024</b>		<b>Islands</b>
1.500.000,00 €	4.993,00 €	- €	- €	- €
3.000.000,00 €	28.891,00 €	- €	- €	- €
3.700.000,00 €	42.943,00 €	3.753,00 €	- €	- €
5.000.000,00 €	73.497,00 €	23.251,00 €	22.100,00 €	- €
8.000.000,00 €	154.145,00 €	89.947,00 €	80.907,00 €	- €
10.000.000,00 €	212.145,00 €	145.445,00 €	122.907,00 €	- €
15.000.000,00 €	375.789,00 €	296.435,00 €	278.363,00 €	- €

**Miquel Angel Riera Vallés**  
 Abogado-Asesor fiscal  
 Rechtsanwalt-Steuerberater  
 Lawyer-Accountant  
[m.a.riera@januarconsulting.com](mailto:m.a.riera@januarconsulting.com)

**JANUAR**  
 Associats Tax Legal

Januar Associats Tax Legal, S.L. • CIF: B-72678857 •  
 C/ Armagura, 1 E • 07500 Manacor • Teléfono: (0034) 971 553 161 • Fax: (0034) 971 551 286 email  
 info@januarconsulting.com  
 • Passatge Mestre Antoni Torrandell, 2 entresuelo. • 07003 Palma de Mallorca • Teléfono: (0034) 971 495835 •  
 email palma@januarconsulting.com

[www.januarconsulting.com](http://www.januarconsulting.com)  
[info@januarconsulting.com](mailto:info@januarconsulting.com)