

Corporate tax receipts 2017

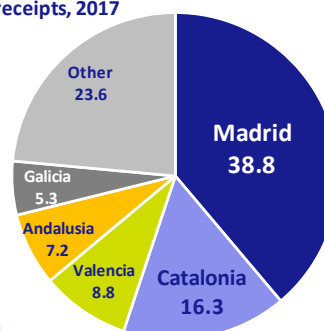
Corporate tax receipts in 2017 increased by 6.8%, from €21.6 billion in FY2016 to €23.1 billion in FY2017, mainly due to the improvement in corporate profits. The tax base widened to 106.3 billion, 11.7% more than in 2016.

By company size, the large enterprises¹ and the consolidated groups accounted for 86% of the corporate tax receipts.

In the majority of autonomous communities, the corporate tax receipts increased with respect to 2016, especially in Canary Islands

(+22.7%), Valencia (+18.8%) and Basque country (+17.5%). In contrast, Catalonia experienced the sharpest drop, falling by 17.8%.

Corporate tax receipts, 2017
% total



Source: Círculo de Empresarios based on Tax Agency, 2018

Large Enterprises¹

In February, the total sales of large enterprises in Spain grew by 4% year-on-year. Domestic sales did so at a rate of 3.4%, similar to the average for Q4 2017, with an increase of 4.2% for consumption and 6.9% for capital. Likewise, exports increased by 6.2% (+2.9% imports).

Moreover, there was an increase of 3.5% year-on-year in employment, 0.1 pp more than in January, and the average gross remuneration rose by 0.8% (vs -0.1% in 2017), breaking the negative trend of the last six years.

Total sales of large enterprises, February 2018
% annual change

	2017	January 2018	February 2018
Total sales	3.7	3	4
Domestic sales	3.1	3.2	3.4
Consumption	2.8	1.9	4.2
Capital	2.5	7.4	6.9
Equipment & software	3.6	8.3	8.7
Construction	0.6	5.9	3.7
Intermediate	3.4	2.8	2.6
Exports	5.5	3.8	6.2
To EU	2.4	1.7	-1.6
To third countries	9.2	6	15
Imports	3	3.7	2.9
Employment and salaries			
Employment	3.6	3.4	3.5
Remuneration	3.5	4	4.3
Average gross remuneration	-0.1	0.8	0.8

Source: Círculo de Empresarios based on Tax Agency, 2018

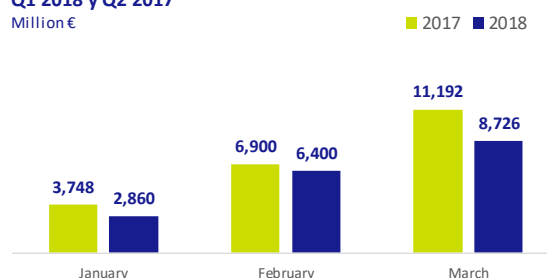
Increases in share capital

In March, capital increases recorded a year-on-year decrease of 45.8%, reaching a nominal amount of €2.3 billion, and in Q1 2018 an accumulated amount of €8.7 billion (0.75% of GDP in 2017 and the lowest quarterly level since 2002).

By sectors, the infrastructure industry and the food industry experienced the greatest setbacks, mainly due to the lack of large business operations. In contrast, financial and insurance activities, which accounted for 37% of the capital increases, grew by 150.7% annually to 859.7 million.

By autonomous communities, Madrid and Catalonia, with 50% of the total of capital increases, suffered annual falls of 74% and 34% respectively.

Increases in share capital
Q1 2018 y Q2 2017
Million €



Source: Círculo de Empresarios based on Axesor, 2018

¹ For tax purposes, a large enterprise is a legal entity whose volume of operations exceeds the figure of €6.01 million during the immediately preceding calendar year.

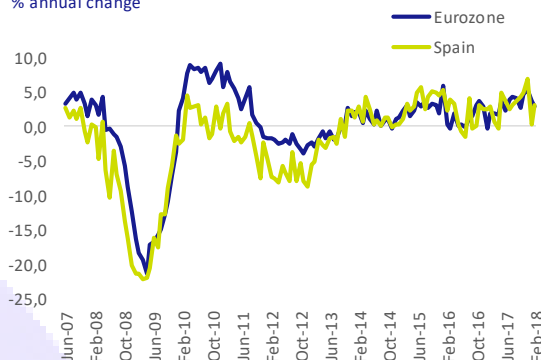
Eurozone Industry

In February, the Industrial Production Index of the Eurozone increased by 2.9% year-on-year, maintaining the average trend of 2017. This evolution is mainly based on the increase in energy production (+5.7%) and intermediate goods (+2.9%).

By countries, France experienced an increase of 4.4%, compensating for the decline of this index in Germany (from 5% in January to 2.5% in February). In Spain, it registered an increase of 3.1% (0.3% in January), 0.2 pp higher than the average for the Eurozone.

Industrial Production Index

% annual change



Source: Círculo de Empresarios based on Eurostat, 2018

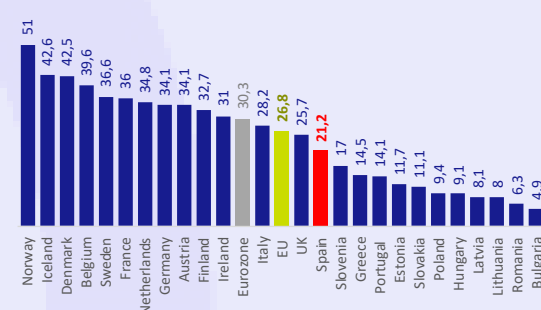
EU labour costs (Eurostat)

In 2017, the average labour cost per hour in the EU rose by 2.3% per year to €26.8 (increased more than prices, 1.7%). In terms of tax wedge, deducting the amounts corresponding to income tax and social contributions (38.4%), the average worker received €16.5.

In Spain they were €21.2, being 5.6 pp below the European average, after growing by 0.5% per year (half of the CPI growth at the end of 2017). The hourly wage that the Spanish worker ultimately received was €12.82 after deducting the €8.37 tax wedge, which represented 39.5% of the gross remuneration.

Labour cost

Euro per hour



Source: Círculo de Empresarios based on Eurostat, 2018

By sectors, the increase of labour cost was above average in services (2.7%) and construction (2.5%), whereas the public sector (1.9%) registered the lowest rate of increase.

Real estate

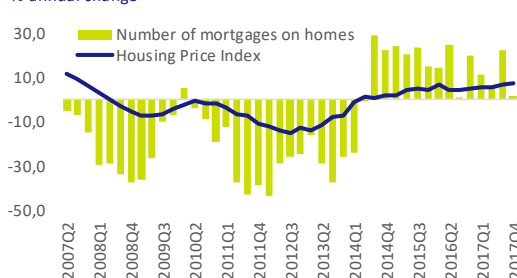
In 2017, the average house prices increased by 6.2% year-on-year, returning to pre-crisis levels, which can be partly explained by the increase in the purchase and sale of homes (+14.6% year-on-year in 2017), the increase in new housing loans (+7.44%) and the issue of new mortgages on homes (+9.7%).

Currently, the highest price hikes occur in the city centre, with less supply of land, and in more tourist areas, partly reflecting the entry of foreign capital and investment in tourist housing in an environment of low interest rates. At the international level,

according to the IMF, the growth of housing prices has been synchronised in the main capital cities, increasing at a higher rate in European cities such as Berlin, Paris or Rome, than in Barcelona and Madrid.

Real estate, Spain

% annual change



Source: Círculo de Empresarios based on INE, 2018

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