

Brussels, 28 January 2019

Dear Ministers,

Thank you for your letters of 28 December 2018 and 22 January 2019, updating us on the latest developments regarding the 2019 budget and other important ongoing policy initiatives.

We welcome the fact that a draft budget law now has been presented to the Spanish parliament, including the measures presented earlier in the 2019 Draft Budgetary Plan (DBP) submitted on 15 October 2018 and a lower general government deficit target of 1.3% of GDP. We also take note that, apart from a slight downward revision of GDP growth and some additional revenues expected to be collected, the draft budget does not present significant differences with respect to the DBP, which would have warranted the submission of an updated DBP. This also means that the conclusions of the Commission Opinion on Spain's DBP, adopted on 21 November 2018, including the assessment that there are risks to the achievement of the recommended fiscal adjustment and to the compliance with the provisions of the Stability and Growth Pact, still broadly apply.

Regarding the draft law establishing a new tax on certain digital services, we would concur with your general conclusion that the tax is in line with the proposals of the Commission, albeit with some design-related nuances and doubts about the estimated revenue-raising capacity. Regarding the tax on financial transactions, the law that you have submitted to parliament differs in some important respects from the initial Commission proposal, which had a much broader scope. In the end, the less ambitious proposals currently discussed among participating Member States may resemble the Spanish financial services tax to a greater extent, but would then yield less revenue than initially foreseen.

*Nadia Calviño, Minister for Economy and Business*

*María Jesús Montero, Minister for Finance*

./..

We welcome the progress made during the last months of 2018 with the transposition of directives with imminent deadlines, and notably in the transposition of Markets in Financial Instruments Directive<sup>1</sup> II. There are still a number of directives yet to be transposed and we encourage you to ensure their full transposition as a matter of urgency.

Finally, we also welcome the ongoing work on spending reviews, the framework for macro-prudential supervision and the authority for the protection of financial services clients, and look forward to receiving further details on the implementation of the recently announced “agenda for change”.

Yours sincerely,



Valdis Dombrovskis



Pierre Moscovici

---

<sup>1</sup> Directive 2014/65/EU