

Tax news in the Valencian Community

Last May 31, **Law 5/2025, on fiscal measures, administrative and financial management, and organization of the Generalitat**, was published in the *Diari Oficial de la Generalitat Valenciana*, which introduces significant changes in several assigned taxes, effective in 2025, although some measures will be implemented in 2026 or 2027. The main changes are summarized below:

1. Wealth Tax.

Effective December 31, 2025, the exempt minimum is doubled from €500,000 to €1,000,000 per taxpayer.

2. Inheritance and Gift Tax

New allowances are incorporated for second and third degree collateral relatives (brothers, uncles, aunts, nephews), classified in group III of kinship, in inter vivos and mortis causa acquisitions:

- **25% of the tax liability** for taxable events as from June 1, 2026.
- **50% of the tax liability** as from June 1, 2027.

These allowances are in addition to the already existing **99% allowance for descendants, ascendants and spouse**. In order to benefit from them, it will be necessary that the operation is formalized in public documents, that the ISD self-assessment is presented on time and that, in case the donation is made in cash, the origin of the funds as well as the means of delivery are declared.

3. ITP-AJD

As from June 1, 2026:

- The **general rate of Transmisiones Patrimoniales Onerosas (TPO)** drops from 10% to **9%** (11% is maintained for transactions of more than €1,000,000).
- A **reduced rate of 4% (TPO)** is introduced for the acquisition of rural plots of land with agricultural vocation by professional farmers, conditioned to the maintenance of the agricultural activity for five years.
- The **general rate of Documented Legal Acts (AJD)** is reduced from 1.5% to **1.4%**.
- A **50% rebate** on AJD is incorporated for public deeds linked to real estate transactions associated with projects declared to be of **regional or strategic interest**.

In addition, other minor changes have been introduced in relation to personal income tax and the tax on gambling.