

No. 18197

**SPAIN
and
HOLY SEE**

Agreement concerning economic matters (with additional protocol). Signed at Vatican City on 3 January 1979

Authentic texts: Spanish and Italian.

Registered by Spain on 20 December 1979.

**ESPAGNE
et
SAINT-SIÈGE**

Accord sur des sujets d'ordre économique (avec protocole additionnel). Signé à la Cité du Vatican le 3 janvier 1979

Textes authentiques: espagnol et italien.

Enregistré par l'Espagne le 20 décembre 1979.

[TRANSLATION — TRADUCTION]

AGREEMENT¹ BETWEEN THE SPANISH STATE AND THE HOLY SEE CONCERNING ECONOMIC MATTERS

Revision of the system of economic contributions made by the Spanish State to the Catholic Church is particularly important in connexion with the effort to replace the 1953 Concordat² by new agreements.

On the one hand, the State cannot either disregard or indefinitely prolong legal obligations entered into in the past. On the other hand, in view of the spirit informing relations between Church and State in Spain, it is now necessary to give new meaning both to the legal titles to those economic contributions and to the system whereby such contributions are made.

Accordingly, the Holy See and the Spanish Government hereby conclude the following:

AGREEMENT

Article I. The Catholic Church may freely request contributions from its faithful, organize public collections and receive alms and offerings.

Article II. 1. The State undertakes, while fully respecting the principle of religious freedom, to co-operate with the Catholic Church to ensure that it is able to obtain adequate means for its economic support.

2. After three full financial years have elapsed from the date of signature of this Agreement, the State may allocate to the Catholic Church a percentage of the proceeds derived from taxes on income or net fortune or from other taxes of a personal nature, by means of the procedure that is technically most suitable.

To that end, it will be necessary for each taxpayer expressly to state, in a specific declaration, his wishes concerning the purpose for which the aforesaid percentage is to be used. In the absence of such a declaration, the amount in question shall be used for other purposes.

3. This system shall replace the endowment referred to in the following paragraph, with a view to ensuring that the Catholic Church receives an income similar in amount to that of the endowment.

4. Pending the application of the new system, the State shall make provision in its budget for an adequate endowment for the Catholic Church, which shall be a single overall endowment to be reviewed each year.

During the process of replacement, to be completed within a period of three years, the aforesaid endowment shall be reduced by an amount equal to the tax allocation received by the Catholic Church.

5. The Catholic Church proclaims its intention directly to raise sufficient funds to meet its needs. When this objective has been achieved, the two Parties shall agree on the replacement of the systems of financial co-operation referred to

¹ Came into force on 4 December 1979 by the exchange of the instruments of ratification, which took place at Madrid, in accordance with the provisions of the final protocol.

² Registered with the Secretariat of the United Nations on 27 March 1981 under No. I-19671.

in the foregoing paragraphs of this article by other systems or forms of economic co-operation between the Catholic Church and the State in other areas.

Article III. The following activities shall not be liable to income tax or taxes on expenditure or consumption (*impuestos sobre la renta o sobre el gasto o consumo*):

- (a) In addition to the activities and items referred to in article I of this Agreement, the publication of instructions, ordinances, pastoral letters, diocesan bulletins and any other document of the competent ecclesiastical authorities, or the posting of such notices in the usual places;
- (b) Teaching activities in diocesan and religious seminaries, and teaching of ecclesiastical subjects in Church universities;
- (c) The acquisition of articles to be used for purposes of worship.

Article IV. 1. The Holy See, the Conference of Bishops, the Dioceses, parishes and other Church administration districts, religious orders and congregations and institutions dedicated to the consecrated life and their Provinces and Houses shall be entitled to the following exemptions:

- A) Total and permanent exemption from the urban buildings tax (*Contribución Territorial Urbana*) on the following buildings:
 - (1) Churches and chapels intended for worship, and their offices or buildings and adjoining premises, to be used for pastoral activities;
 - (2) The residences of bishops, canons and pastors;
 - (3) Premises to be used for offices of the Diocesan Curia and for parish offices;
 - (4) Seminaries intended for the training of diocesan and religious clergy, and Church universities at which courses in ecclesiastical subjects are taught;
 - (5) Buildings intended primarily for houses or convents of religious orders, religious congregations and institutions devoted to the consecrated life.
- (B) Total and permanent exemption from taxes on earnings and projects (*impuestos reales o de producto*) from income and property. This exemption shall not extend to profits derived from the conduct of gainful activities or to income derived from Church-owned property for which usufructuary rights have been granted to others, nor shall it extend to capital gains or to profits subject to deduction of income tax at the source.
- (C) Total exemption from taxes on inheritance and gifts and business transactions provided that the property or rights acquired are intended for purposes of worship, for the support of the clergy, for work relating to the sacred ministry or for purposes of charity.
- (D) Exemption from special assessments and from the *tasa de equivalencia*, where such assessments are levied on the property specified in paragraph (A) of this article.

2. Sums donated to the ecclesiastical entities specified in this article and intended for the purposes indicated in paragraph (C) shall give entitlement to deductions from the income tax on individuals in the same amount as the sums donated to entities classified as or declared to be charitable organizations or organizations serving the public interest.

Article V. Religious associations and entities not covered by the provisions of article IV of this Agreement and devoted to religious activities, charitable and teaching activities, or providing medical or hospital services or social welfare services, shall be entitled to the tax benefits provided under the tax laws of the Spanish State for non-profit organizations and, in any case, to the benefits granted to private charitable organizations.

Article VI. The Holy See and the Spanish Government shall proceed, by mutual agreement, to resolve any doubts or difficulties that may arise concerning the interpretation of application of any provision in this Agreement and, for that purpose, shall be guided by the principles underlying the Agreement.

Article VII. Articles XVIII, XIX, XX and XXI of the existing Concordat and the Agreement of 8 December 1946¹ between the Holy See and the Spanish State relating to seminaries and universities for ecclesiastical studies are hereby abrogated.

ADDITIONAL PROTOCOL

1. The overall endowment under the State budget shall be specified each year, both during the period in which economic assistance is provided exclusively in the form of the endowment and during the period for the simultaneous application of the system provided for in article II, paragraph 2, of this Agreement, in accordance with the quantification criteria on which the budget items in question are based, which shall be compatible with the purposes for which the Church intends to use the funds received from the State, having regard to the memorandum referred to in the following paragraph.

The purposes for which the Church proposes to use the funds from the State budget, in the light of its needs, and the purposes for which sums received from the State during the previous year were actually used shall be described in a memorandum to be submitted each year for the purposes of the State endowment.

2. The two Parties shall, by agreement, specify the currently taxable items to which exemptions apply and the non-taxable cases enumerated in articles III and V of this Agreement.

In the event of any substantial changes in the Spanish tax laws, the two Parties shall define the tax benefits and such non-taxable cases as are applicable in the light of the principles underlying this Agreement.

3. In the event of any tax debts which are not paid in due time by any of the religious bodies referred to in article IV, paragraph (1), or in article V of this Agreement, the State, without prejudice to its right to avail itself of appropriate legal remedies, may request the Spanish Conference of Bishops to urge the body in question to pay its tax debt.

¹ Registered with the Secretariat of the United Nations on 27 March 1981 under No. I-19669.

This Agreement, the texts of which, in the Spanish and Italian languages respectively, are equally authentic, shall enter into force upon the exchange of the instruments of ratification.

DONE in duplicate.

Vatican City, 3 January 1979

[Signed]

MARCELINO OREJA AGUIRRE
Minister for Foreign Affairs

[Signed]

Cardinal GIOVANNI VILLOT
Secretary of State
Prefect of the Council
for Public Affairs of the Church
