

VAT STRIKE

There are several ways available to self-employed workers, businesses, or cooperatives to stop paying VAT to the state and allocate that payment to a self-managed project.

Some of these ways include:

- Declaring, if you have to pay VAT, a smaller amount than what would be applicable, and with it finance an assembly or project determined by you.
- To justify such a lower payment, you must collect several invoices issued to you, which allow you to justify the payment. Such invoices can be issued several ways, without jeopardising the legal coverage of the action.
- If you're certain that your company is not going to continue and is going to close, instead of paying the state, you can begin allocating the VAT amounts, or the part that you can assume, to assemblies in your area or to a self-managed project that excites you the most.
- If you want to continue as a company and you need a way to continue this process, you can open and close a company every 3 or 4 years. Thus, when inland revenue comes after you to collect the VAT, the company would be made insolvent and another one would be created.
- If you are a member of a cooperative or a non-profit entity that declares VAT, you can ask for an invoice of your personal expenses with the NIF [*Tax ID Number*] of that entity, and donate those invoices to it so that they are deducted from its income and it doesn't have to pay VAT.
- If, after gathering together all the invoices, your self-managed cooperative had to pay VAT, you can issue invoices using your personal DNI [*National Identity Document*], and after receiving the billed money, you donate it to the same cooperative.

To put these possibilities into context, we have to keep in mind that the requests made by Public Finance to persons or companies that issue invoices (to control that they pay taxes) are limited and easy to foresee. Using VAT form 347, on 30 April, it is necessary to submit a list of customers and suppliers with whom there has been a relationship of over 3000 euros annually. Therefore, nothing prevents us, as an individual and completely anonymously, from issuing invoices to a cooperative for less than 3000 euros and not making the VAT declaration. Even though the cooperative does do it. In other words, as long as the cooperative posts the invoice in order to discount the VAT payable, the individuals who bill the cooperative do not declare it as income.

Given that a cooperative is not bound to declare who its suppliers are, Public Finance is not going to have information about our irregularity. The only information that it is going to have is an overall VAT balance, based on which this type of irregularity cannot be identified, given that it isn't possible to know that the VAT has been passed on to individuals and that it has been interrelated between companies.

Striking against the quarterly IRPF [*Personal Income Tax*]: Usually, a cooperative would pay in to Public Finance the IRPF of a person who has billed it, but the cooperative is not obligated to do so if

withholding is not specified in the invoice, such that also in this case, if there is any irregularity, the individual is liable and not the cooperative.

In this regard, the current Personal Income Tax Act, Law 35/2006 of 28 November, sets forth four brackets for the withholding rate and establishes a marginal maximum rate of 43%. Brackets:

- Up to a gross annual amount of 9050 euros, the withholding is 0%.
- Between a gross annual amount of 9051 euros and 17,360 euros, the marginal rate applied is 24%.
- Between a gross annual amount of 17,361 euros and 32,360 euros, the marginal rate applied is 28%.
- Between a gross annual amount of 32,361 euros and 52,360 euros, the marginal rate applied is 37%.
- As from the gross annual amount of 52,361 euros, the marginal rate applied is 43%.

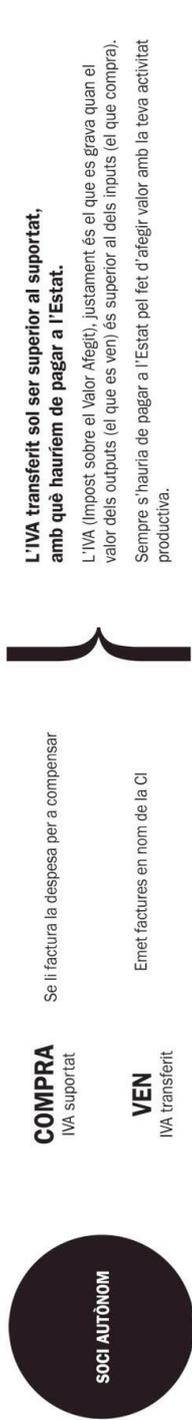
Therefore, it is feasible to issue invoices without IRPF and for a cooperative to not have to withhold, given that, when this happens, it could be understood that the issuer of the invoice is in the 0% IRPF bracket and therefore does not pay the tax.

Thus, from all the aforementioned, the only irregularity by individuals corresponds to the action of not paying VAT. In this regard, it is important to add that persons who are registered as self-employed and who have very low total sales are not bound to do this. So in order for a person to protect themselves legally, they could bill the cooperative and, at the same time, pay certain services to another professional (or bills of everyday expenses) in order to balance their VATs. Thus, they could, completely legally, declare a quarterly VAT of close to 0. In fact, it would be a way to go from being an individual who pays VAT to an individual who balances their VAT.

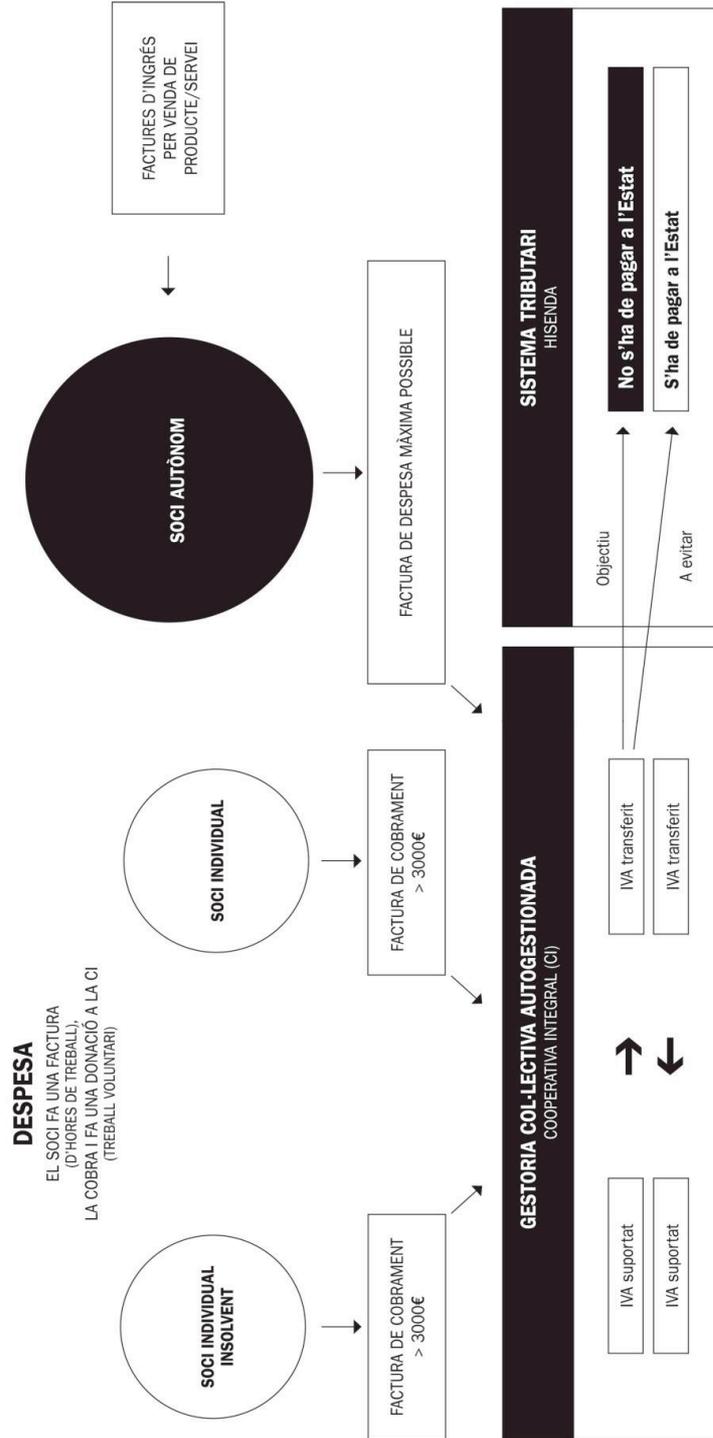
A different circumstance would be that of insolvent persons. Insolvent persons can issue invoices for their jobs without any concern, because in the event of a tax audit, at most they could receive a fine, for which there is no way to enforce payment. Therefore, insolvent people can, with greater ease than anyone, support these processes for reducing VAT payments by cooperatives and the entities that cooperate with them.

Caution. There are some guidelines to follow so that there is no criminal risk derived from actions of this type:

- There must be a document that proves the invoice.
- Invoices must be issued with someone with whom there is actual cooperation on some type of activity, so that it is possible to demonstrate that the activity actually existed. And there must be financial transactions or debt declarations between the two parties (see the graphic on the next page).



Hem de generar estratègies col·lectives a través de les factures de despesa i evitar que l'Estat gravi la nostra activitat econòmica entre socis.



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