EUROPEAN
COMMISSION

Brussels, 31.7.2025
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COMMISSION IMPLEMENTING DECISION

of 31.7.2025

on the partial suspension of the disbursement of the fifth instalment of the non-repayable support for Spain

(Only the Spanish text is authentic)

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility[1], and in particular Article 24(6) thereof,

Whereas:

(1) According to Article 4(2) of Regulation (EU) 2021/241, the specific objective of the Recovery and Resilience Facility is to provide Member States with financial support with a view to achieving the milestones and targets of reforms and investments as set out in their recovery and resilience plans.

(2) Council Implementing Decision of 15 July 2021 on the approval of the assessment of the recovery and resilience plan for Spain[2] (the 'Council Implementing Decision') provides that the Union is to release instalments in accordance with the Financing Agreement and the Loan Agreement conditional on a decision by the Commission, taken in accordance with Article 24(5) of Regulation (EU) 2021/241, that Spain has satisfactorily fulfilled the relevant milestones and targets identified in relation to the implementation of the recovery and resilience plan.

(3) On 20 December 2024, Spain submitted a request for payment. The request concerned, among others, the fifth instalment of the non-repayable support and the first and second instalment of the loan support. Pursuant to Article 24(3) of Regulation (EU) 2021/241, the Commission assessed on a preliminary basis whether the relevant milestones and targets set out in the Council Implementing Decision had been satisfactorily fulfilled. For the purpose of that assessment, the operational arrangements concluded between the Commission and Spain[3] in accordance with Article 20(6) of Regulation (EU) 2021/241, were taken into account.

(4) Section 2(3)(3.4) of the Annex to the Council Implementing Decision provides the relevant milestones and fifth instalment of the non-repayable support for an amount of EUR 9 104 589 366.

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1 OJ L 57, 18.2.2021, p. 17.

2 ST 10150/21; ST 10150/21 ADD 1 REV 1 as amended by ST 13695/23 REV 1; ST 13695/23 ADD 1 REV 1, ST 9303/24; ST 9303/24 ADD 1, ST 17099/24; ST 17099/24 ADD 1, ST 8053/25; ST 8053/25 ADD 1 and ST 9583/25; ST 9583/25 ADD 1; ST 9583/25 ADD 1 COR 1; ST 10408/25.

3 Recovery and Resilience Facility Operational arrangements between the European Commission and Spain entered into force on 9 November 2021, and as amended on 24 May 2024, 24 April 2025 and 20 June 2025.

(5) As a result of the assessment provided for in Article 24(3) of Regulation (EU) 2021/241, the Commission established that milestone 167 and milestone 388 have not been satisfactorily fulfilled. In accordance with Article 24(6) of Regulation (EU) 2021/241, the Commission communicated to Spain its assessment on 7 July 2025 and informed Spain that it could present its observations on the Commission's assessment within one month from the date of that communication.

(6) On 11 July 2025, Spain presented its observations on the Commission's assessment pursuant to Article 24(6), first subparagraph of Regulation (EU) 2021/241.

(7) On the basis of the justification provided in the request for payment and the observations presented by Spain, the Commission considers that milestone 167 and milestone 388 have not been satisfactorily fulfilled.

(8) Regarding milestone 167, the description of investment 3 (C11.I3 – Digital transformation and modernisation of the Ministry of Territorial Policy and the Civil service, the National Health Service, and of the administration of the Autonomous Communities and the local authorities) requires that "*[t]he actions under this investment follow the same principles described in C11.I1, targeted to the regional and local governments. The implementation of the investment shall be completed by 30 June 2026*."

(9) Milestone 167 of the Council Implementing Decision requires that that "[a]utonomous communities and local governments have completed projects within the following strategic lines of the Digital Strategy 2025, the Digitalization Plan for Public Administrations, and the rest of the modernization action planned for the Public Sector: i) administration oriented to citizens; ii) smart operations; iii) a government of data; iv) digital infrastructures, and v) Cybersecurity. In particular: a) Each Autonomous Community have completed at least one project in one of five strategic lines mentioned above; b) 60 % of the digital procedures analysed in the CAE report of regional administrations (Comunidades Autónomas) allow their use by mobile (Current: 48 %)." The indicator of the milestone refers to the "Ministry of Territorial Policy and Civil Service provides a signed certificate confirming that the target has been achieved."

(10) On 17 February 2025, in response to follow-up questions on the Commission's first observations letter, Spain submitted evidence to justify the completion of one project per autonomous community, including certificates of completion signed by the regional contracting authority, and/or the contractor and/or the internal control body. On 26 June 2025, Spain submitted additional evidence, namely invoices, contracts' terms of reference, certificates of completion signed by the regional contracting authority, and/or the contractor and/or the internal control body, as well as Excel files reporting on the implementation status of each project.

(11) The evidence provided by Spain demonstrates that local entities have completed projects across all five strategic lines specified in the milestone. Moreover, it demonstrates that 68% of the digital procedures analysed in the CAE report allow their use by mobile device.

(12) Regarding the requirement according to which each autonomous community has completed at least one project in one of the five strategic lines mentioned above, the evidence provided by Spain shows that 13 out of 19 autonomous communities and cities have achieved this. However, whilst there is evidence of project initiation in the remaining six regions, it does not sufficiently justify the completion of these projects.

(13) Milestone 167 requires each autonomous community to complete at least one project within one of the five strategic lines outlined therein. The evidence presented by Spain to justify project completion included, *inter alia*, an 'executive summary' from each autonomous community, based on a template from the General Secretariat of Digital Administration, which briefly describes the project and how it contributes to the objectives of one of the five strategic lines mentioned in the milestone. It also included information for each autonomous community, detailing the implementation status of each project and number of contracts related to each project. Spain also provided terms of reference for the contracts, certificates of completion signed by the regional contracting authority, and/or the contractor and/or the internal control body. Where the certificates of completion were signed only by the administration, Spain provided the relevant invoices issued by the contractor. In the absence of a valid certificate of overall completion for each project, the Commission considered the actions reported under each project in both the 'executive summary' and the reporting on project implementation from each autonomous community, and reviewed the evidence provided for project completion on this basis. The Commission concluded that the evidence was insufficient to justify the completion of at least one project in six autonomous communities.

(14) In its observations of 11 July 2025, Spain acknowledged that the evidence provided is insufficient to justify the completion of at least one project by each autonomous community.

(15) In its observations, Spain, however, also pointed to a number of elements on which Spain considers it and the Commission should aim to reach common ground on, including "*(i) the responsibility for the definition of the investment projects; (ii) the consistency in the design of these projects with the original CID text and its successive modifications; (iii) enabling the certification of different projects in different stages even when covered by the same contract — in line with the timeline set out in the CID and bearing in mind that milestone 167 is intermediate; and (iv) compliance with the EU public procurement legislation and the avoidance of an artificial fragmentation of contracts*". The Spanish observations did not elaborate on these elements and, as a result, the Commission does not have sufficient basis to assess them further. Nonetheless, the Commission recalls that it assesses the due justification provided by the Member State against the Council Implementing Decision in force at the time of the assessment, where it is the responsibility of the Member State to provide the necessary information for that assessment. The Commission further recalls that it is the responsibility of the Member State to ensure that the use of funds in relation to measures supported by the Recovery and Resilience Facility complies with the applicable Union and national law, including on public procurement.

(16) Therefore, on the basis of the information provided, the Commission does not have reasonable assurance that the evidence submitted by Spain duly justifies the fulfilment of milestone 167.

(17) Regarding milestone 388, the description of reform 3 (C28.R3 - Establishment of a committee of experts for tax reform) states that "*the authorities shall establish a Committee of Experts on 12 April 2021 to examine the features of an optimal tax system and make recommendations on how to modernise and adapt current taxation in a coherent manner. In particular, the Committee of experts shall pay attention to the following areas: • environmental taxation; • corporate taxation; • taxation of the digitalised economy; • taxation on wealth, including property taxation and concrete implementation of the harmonisation in this area; • taxation of emerging economic*

activities. • gender equality. The amendments to the tax system based on the Committee of experts' recommendations or on other analyses from the Ministry of Finance shall enter into force by 31 March 2023. The implementation of the measure shall be completed by March 31 2023."

(18) Milestone 388 of the Council Implementing Decision provides for the "entry into force of reforms derived from the Committee of experts' recommendations or from other analyses from the Ministry of Finance in the areas of Environmental Taxation, Corporate Taxation, Wealth Taxation, Health Taxation and Personal Income Tax on Capital Income, which shall include among others the entry into force of increases in the diesel tax. These reforms, together with measures introducing limitations on the compensation of negative tax bases which are outside the scope of the RRP, shall be estimated at the time of their entry into force to permanently increase revenues by at least 0.3 percentage points of GDP". The indicator of the milestone refers to the "provisions of the reforms indicating their entry into force."

(19) On 23 January 2025, Spain submitted the analyses from the Ministry of Finance from which the entry into force of reforms derived. On 4 February 2025, in its reply to the Commission's first observations letter, Spain provided evidence of the entry into force of reforms in the areas of Corporate Taxation, Wealth Taxation, Health Taxation and Personal Income Tax on Capital Income. On 19 December 2024 and 23 January 2025, Spain submitted its estimations of permanent revenues coming from the reforms that had entered into force, but these estimations also included the impact of the diesel tax that had not entered into force and was expected to enter into force in the coming months. Spain sent two tables with two scenarios of permanent revenues (best and worst estimations). According to those estimations, if the impact of the diesel tax is deducted, permanent revenues would be expected to permanently increase by 0.26 percentage points of GDP in the best scenario or by 0.23 percentage points of GDP in the worst scenario presented by Spain.

(20) With respect to the requirement according to which "*reforms in the area of Environmental Taxation, including the entry into force of increases in the diesel tax"* must enter into force, Spain has not provided any evidence of the entry into force of the diesel tax reform or of any reform in the area of environmental taxation.

(21) Moreover, with respect to the requirement according to which the "reforms, together with measures introducing limitations on the compensation of negative tax bases which are outside the scope of the RRP, shall be estimated at the time of their entry into force to permanently increase revenues by at least 0.3 percentage points of GDP", Spain has not provided evidence of how the reforms enforced, together with measures introducing limitations on the compensation of negative tax bases which are outside the scope of the Recovery and Resilience Plan, were estimated at the time of their entry into force to permanently increase revenues by at least 0.3 percentage points of GDP. The Commission's calculations, which aligned with Spain's worst-case calculations, expect permanent revenues deriving from the reforms that have entered into force amounting to 0.23 percentage points of GDP, therefore falling short of the 0.3 percentage points requirement.

(22) In its observations of 11 July 2025, Spain accepts the Commission's assessment concerning milestone 388, whilst noting that since 2021 it has strengthened its public revenues with a threefold objective. Namely, (i) to establish a fairer and more progressive tax system, including measures to combat tax fraud; (ii) to move towards a more modern and efficient model; and (iii) to significantly reduce the tax burden gap

with the EU average, and to contribute to the sustainability of public finances, particularly through deficit reduction.

(23) The observations presented by Spain are not relevant to the Commission's preliminary assessment of milestone 388 and therefore do not alter it. On the basis of the information provided, the Commission does not have reasonable assurance that the evidence submitted by Spain duly justifies the fulfilment of milestone 388 as Spain has not provided evidence neither of (i) the entry into force of the diesel tax reform or of any reform in the area of environmental taxation, nor (ii) of how the reforms enforced, together with measures introducing limitations on the compensation of negative tax bases which are outside the scope of the Recovery and Resilience Plan, were estimated at the time of their entry into force to permanently increase revenues by at least 0.3 percentage points of GDP.

(24) Therefore, as milestone 167 and milestone 388 constituting part of Spain's request for payment are not satisfactorily fulfilled, the disbursement of the financial contribution for the fifth instalment of the non-repayable support should be suspended, pursuant to Article 24(6) of Regulation (EU) 2021/241.

(25) Pursuant to Article 24(6) of Regulation (EU) 2021/241, the Commission has determined the suspended amount by applying the methodology for the determination of payment suspension under the Recovery and Resilience Facility Regulation explained in its Communication of 21 February 2023.[4]

(26) Milestone 167: Digitalization of regional and local entities.

(i) the unit value for the milestone was derived by dividing the financial contribution of non-repayable support made available to Spain of EUR 79 854 183 024 by the number of milestones and targets in that Decision related to the financial contribution (504).

(ii) A coefficient of 0.5 was applied to the milestone as it concerns an intermediary milestone that is followed by subsequent targets 168 and 438 and milestone 169 related to the same investment (C11.I3).

(iii) A proportional reduction to the corrected unit value (i.e. the unit value resulting from the application of the coefficient) was applied to the milestone (a factor of 0.1053) as it concerns an investment milestone, and it is possible to evaluate the share of what has been achieved. The milestone comprises three requirements, of which two have been assessed as satisfactorily fulfilled, namely the completion of projects by local entities and the 60% of the digital procedures analysed in the CAE report of regional administration being usable via mobile phone. The third requirement, concerning the completion of at least one project per autonomous community has been partially fulfilled. Specifically, 13 out of 19 regions and autonomous cities have completed one project within the strategic lines outlined in the milestone.

(iv) An upward adjustment of the corrected unit value was applied to the milestone (a factor of 3) as the investment (C11.I3) is of major importance to justify ratings underpinning the positive assessment of the recovery and resilience plan. Specifically, the component description in the Council Implementing Decision Annex specifies that the measures therein address, among others,

[4] Communication from the Commission to the European Parliament and the Council of 21 February 2023 'Recovery and Resilience Facility: two years on A unique instrument at the heart of the EU's green and digital transformation' COM (2023) 99 final

Country Specific Recommendation 3 2019, 3 2020, 1 2022 and 1 2023 on front-loading public investment projects and focusing investment on the green and digital transition, and Country Specific Recommendation 4 2019 and 2020 on improving cooperation between administrations. Moreover, the particular importance of this measure in addressing the assessment criterion laid down in Article 19(3), point (b) of the RRF Regulation is further demonstrated in Recital 14 of the Council Implementing Decision of 15 July 2021 which provides that: "*[t]he RRP includes an extensive set of mutually reinforcing reforms and investments that contribute to effectively addressing all or a significant subset of the economic and social challenges outlined in the country-specific recommendations addressed to Spain by the Council in the European Semester in 2019 and in 2020, in particular those in the areas of […] investment, such as investment in the green and digital transition and […] public administration."* Based on this measure, the Commission was able to conclude in Recital 12 of the proposal for a Council Implementing Decision that the recovery and resilience plan is expected to effectively address "*all or a significant subset of challenges (Rating A) identified in the relevant country specific recommendations addressed to Spain, including fiscal aspects thereof*". Finally, in the Staff Working Document of 16 June 2021[5] (page 51), it is specified that the Commission assessed that the measure in question is of relevance to the digitalisation of the public administration.

(27) On this basis, an amount of EUR 25 025 731 should be suspended for milestone 167.

(28) Milestone 388: Entry into force of the reforms derived from the Committee's recommendations or other analyses from the Ministry of Finance.

(i) The unit value for the milestone was derived by dividing the financial contribution of non-repayable support made available to Spain in the Council Implementing Decision of EUR 79 854 183 024 by the number of milestones and targets in that Decision related to the financial contribution of non-repayable support (504).

(ii) A coefficient of 5 was applied to the milestone as it concerns the entry into force of a reform.

(iii) An upward adjustment of the corrected unit value (i.e. the unit value resulting from the application of the coefficient) was applied to the milestone (a factor of 3) as the reform is considered by the Commission of particular importance to justify the rating for addressing all or a significant subset of challenges identified in the relevant country-specific recommendations, including fiscal aspects thereof and recommendations made pursuant to Article 6 of Regulation (EU) No 1176/2011 where appropriate, addressed to the Member State concerned, or challenges identified in other relevant documents officially adopted by the Commission in the context of the European Semester. Specifically, the component description in the Council Implementing Decision Annex specifies that the measures therein "*contribute to addressing among others the Country Specific Recommendations on strengthening fiscal and public procurement frameworks at all levels of government (Country Specific Recommendation 1 2019) and on – when economic conditions permit – the*

5 SWD(2021) 147 final. Commission Staff Working Document. Analysis of the recovery and resilience plan of Spain of 16 June 2021 (source: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021SC0147&qid=1624628827022).

pursuit of fiscal policies aimed at achieving prudent medium-term budgetary positions and ensuring debt sustainability, while encouraging investment (Country Specific Recommendation 1 2020)". Moreover, the link with these country-specific recommendations is further substantiated in Recital 21 of the Council Implementing Decision of 6 July 2021, which provides, when referring to this assessment criterion, that: *"to address challenges in the area of public finances, the RRP includes measures with a view to strengthening the governance of the spending review system and commits to implement reforms resulting from previous spending reviews and a tax system reform. The latter should take place after a tax expert committee issues recommendations on how to enhance the sustainability of the public finances and improve efficiency".* Based on this measure, the Commission was able to conclude in Recital 11 of the proposal for a Council Implementing Decision that the recovery and resilience plan is expected to effectively address "*all or a significant subset of challenges (Rating A) identified in the relevant country-specific recommendations, including fiscal aspects thereof*". Finally, in the Staff Working Document of 16 June 2021[6] (page 43), it is specified that the Commission assessed that the measure in question is of relevance to "*achieving prudent medium-term fiscal positions and ensuring debt sustainability, while enhancing investment, when economic conditions allow for it".*

(iv) A downward adjustment of the corrected unit value was applied to the milestone (a factor of 0.2) as some of the measures included in the reform contribute to meeting some of the objectives laid out in the Council Implementing Decision, namely the entry into force of reforms derived from the Committee of experts' recommendations or from other analyses from the Ministry of Finance in the areas of Corporate Taxation, Wealth Taxation, Health Taxation and Personal Income Tax on Capital Income. In considering this downward adjustment, the Commission assessed the substantive progress towards the achievement of the milestone, in accordance with the Commission methodology for the determination of payment suspension under the Recovery and Resilience Facility Regulation. In particular, based on the assessment above, each of the two dimensions of the milestone is considered as partly met, as follows: *Entry into force of reforms derived from the Committee of experts' recommendations or from other analyses from the Ministry of Finance in the areas of Environmental Taxation, Corporate Taxation, Wealth Taxation, Health Taxation and Personal Income Tax on Capital Income*. The Commission assigned a weight of 50% to these requirements of the milestone. This reflects the importance of the entry into force of reforms derived from the recommendations of the Committee of Experts or from other analyses from the Ministry of Finance to modernise and adapt current taxation in a coherent manner. Five out of six of these requirements are considered as satisfactorily fulfilled, whilst one requirement (reforms in the area of Environmental Taxation) is pending, hence this element of the milestone is considered as 83.33% fulfilled. *Permanent increase of revenues by at least 0.3 percentage points of GDP:* The Commission assigned a weight of 50% to this requirement of the milestone. This reflects the fact that the 0.3 percentage points target is the final objective of this measure. According to both the Commission's

[6] SWD(2021) 147 final. Commission Staff Working Document. Analysis of the recovery and resilience plan of Spain of 16 June 2021 (source: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021SC0147&qid=1624628827022).

calculations and one of the two scenarios presented by Spain, the permanent revenues deriving from the adopted reforms amount to 0.23 percentage points. As a result, this element of the milestone is considered as 76.67% fulfilled.

(29) On this basis, an amount of EUR 475 322 517 should be suspended for milestone 388.

(30) Pursuant to Article 24(6), second subparagraph of Regulation (EU) 2021/241 the suspension should only be lifted where Spain has taken the necessary measures to ensure a satisfactory fulfilment of milestone 167 and milestone 388.

(31) Pursuant to Article 24(8) of Regulation (EU) 2021/241, where Spain does not take the necessary measures within a period of six months from the adoption of this Decision, the Commission should reduce the amount of the non-repayable support proportionately after having given the Member State concerned the possibility to present its observations within two months from the communication of its conclusions,

HAS ADOPTED THIS DECISION:

Article 1
Suspension of the payment of the non-repayable support

The payment of EUR 500 348 248 from the fifth instalment of the non-repayable support as laid down in Section 2(3)(3.1) of the Annex to Council Implementing Decision of 15 July 2021 on the approval of the assessment of the recovery and resilience plan for Spain shall be suspended.

Article 2
Addressee

This Decision is addressed to the Kingdom of Spain.

Done at Brussels, 31.7.2025

For the Commission
Valdis DOMBROVSKIS
Member of the Commission