

## Spanish region announce tax on ground mounted PV

- The Spanish region of Castilla y León plans to extend its environmental impact tax to ground-mounted solar installations from 2027. Spanish solar association UNEF has criticised the proposal, arguing that PV projects already face multiple taxes and that the new levy lacks environmental justification.



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The Spanish region of Castilla y León plans to extend its environmental impact tax to large-scale photovoltaic installations from 2027 under a draft bill on tax, financial and administrative measures.

The proposed reform would expand the scope of a tax currently applied to wind farms, hydroelectric reservoirs and high-voltage power lines. Fixed telecommunications networks would also become subject to the levy.

According to the draft legislation, the changes are intended to reflect the evolution of economic activities in the region and ensure greater neutrality and fairness in the taxation of activities with similar economic objectives and potential environmental impacts.

The bill identifies solar farms as installations that can affect landscapes, flora and fauna, occupy land and alter traditional land uses.

The regional government justifies the proposed tax by invoking the European Union's "polluter pays" principle. It also notes that Castilla y León is a net exporter of renewable electricity, meaning that local communities bear some of the environmental impacts associated with electricity generation for consumption elsewhere.

Under the proposal, solar farms would be taxed according to the surface area they occupy. The tax liability would remain in place even after a facility ceases operating, until it has been fully dismantled and the site restored to its original condition.

The draft legislation also sets out exemption criteria for certain self-consumption installations. Ground-mounted self-consumption systems occupying 5 hectares or more would qualify for an exemption only if the ratio of contracted power capacity during the P1 peak tariff period to installed generation capacity is at least 50%.

If this threshold is not met, the authorities could determine that the installation's primary purpose is to sell electricity to the grid, making it subject to the tax. Rooftop PV installations and ground-mounted systems occupying less than 5 hectares would be exempt.

José Donoso, director general of Spanish solar association UNEF, described the proposed tax as "purely a revenue-raising measure and entirely unjustified," arguing that solar installations already generate substantial tax revenue at national and local levels.

UNEF said PV projects are subject to several taxes, including the tax on economic activities (IAE), the tax on the value of electricity production (IVPEE) and the special electricity tax (IEE), as well as municipal levies such as the construction, installations and works tax (ICIO) and property tax (IBI-BICES).

According to the association, municipalities hosting solar farms receive approximately €10,000 (\$11,232) per installed MW annually in tax revenue.

UNEF also questioned the environmental justification for the levy, arguing that solar projects must already undergo environmental impact assessments before receiving approval from the relevant authorities. The association said imposing an additional tax on projects that have obtained favourable environmental assessments is unjustified.

UNEF also raised concerns about how the revenue would be used. It argued that if the tax is intended to address the environmental and territorial impacts of solar installations, the proceeds should benefit the communities hosting the projects. However, according to the association, the draft legislation provides for the revenue to be incorporated into Castilla y León's general budget rather than earmarked for affected municipalities.

UNEF also criticised the proposal to calculate the tax according to the number of hectares occupied rather than the electricity generated. The association argued that a land-based levy would fail to account for differences in electricity production between solar installations across Castilla y León.

Two solar farms occupying the same area could generate different amounts of electricity because of variations in solar irradiation, equipment efficiency and project design, but would face the same tax liability based on their land footprint, UNEF said.

If approved, Castilla y León would become Spain's third autonomous community to introduce a specific tax on PV installations, following Aragón and La Rioja. UNEF claimed that the proposed levy would be higher than those already imposed in the other two regions.