



PRESENTATION

SPANISH INCOME TAX: WHAT YOU NEED TO KNOW TO FULFIL YOUR PERSONAL TAX OBLIGATIONS

11 APRIL 2024

1. Spanish Tax Residency – Spanish Income Tax Law:



- Usual questions → Can I have dual Tax residency? What happens if I moved to Spain in 2023? In which country I should pay taxes? Can I avoid a Spanish Tax residency?

Domestic law → Under article 9.1 of the Spanish Income Tax Law, an individual shall be deemed Spanish Tax Resident if:

- i. He lives in Spain over 183 days during the calendar year (183-day rule).
- ii. He lives in Spain less than 183 days but cannot provide a tax residency certificate of another country (“sporadic absences”).
- iii. The center of economic interest and/or main wealth is in Spain.
- iv. The spouse and kids are Spanish Tax Residents, unless the individual could evidence is deemed tax resident in another country.

1. Spanish Tax Residency – Double Tax Convention:



- If the individual is also deemed **Tax Resident in another country** under its domestic tax laws, special attention to the Double Tax Convention between Spain and the later country and its tie-breaker rules to determine his tax residency:
 - i. Tax resident in the country he has a permanent home available to him;
 - ii. if he has a permanent home available to him in both states, in the country with which his personal and economic relations are closer (center of vital interests);
 - iii. No permanent home and/or center of vital interest → To be resident only of the State in which he has a habitual abode;
 - iv. To be a resident only of the State of which he is a national;
 - v. The competent authorities of the Contracting States shall settle the question by mutual agreement.

1. Spanish Tax Residency – Double Tax Convention:



1. Permanent Home → At his disposal for a long-term (property, long-term rental agreement). Short-term rentals are not deemed at disposal of the individual or if the property he owns is rented out.
2. Centre of economic interest → Country in which the individual maintains the closest ties (social relations, properties, business, incomes, cultural, political or other activities).
3. Habitual Abode → Country where the individual stays more frequently.

2. Spanish Tax Obligations for individuals:



- Tax Form 720, reporting your assets held abroad if its value is over EUR 50,000.
- Tax Form 721, reporting cryptocurrencies held abroad, if its value is over EUR 50,000.
- Tax Form 100 (“declaración de la renta”), reporting your worldwide incomes for 2023.
- Tax Form 714 declaring your worldwide wealth if it is over EUR 500.000.
- Tax Form 151 (“Beckham Law tax return”), to report only Spanish Taxable incomes for individuals under the Beckham Law regime.
- Tax Form 718 (Temporary Solidarity Tax of Large Fortunes), reporting your worldwide assets if your total wealth is over EUR 3,7M.

3. Tax Form 720 & 721 – Reporting Assets and crypto held abroad



- Under **Tax Form 720**, Spanish Tax Residents reports three different types of assets held abroad on December 31st if its value is over EUR 50,000:
 1. Foreign bank accounts
 2. Stocks, shares, funds, insurance policy.
 3. Real estate.
- Tax Form 720 should be filed between January 1st and March 31st of the following year.
- **Tax form 721** allows Spanish Tax Residents to report their cryptocurrency held abroad on December 31st, if its value is over EUR 50k.
- It shall be deemed “held abroad”, held or managed by a foreign broker agent (not registered in the Bank of Spain) or in your wallet (cold or hot wallet).
- Tax Form 721 should be filed between January 1st and March 31st of the following year.

4. Spanish Income Tax Filing Season FY2023



- Between April 3rd and July 1st, Spanish tax residents should file:
 - i. Tax Form 100 (“declaración de la renta”), reporting your worldwide incomes for 2023.
 - ii. Tax Form 714 declaring your worldwide wealth if it is over EUR 500.000.
 - iii. Tax Form 151 (“Beckham Law tax return”), to report only Spanish Taxable incomes for individuals under the Beckham Law regime.
- The deadline is June 26th if the tax due is paid automatically by direct debit. Manual, online payments or refunds could be filed until July 1st.

abr-24							may-24						
L	M	X	J	V	S	D	L	M	X	J	V	S	D
1	2	3	4	5	6	7			1	2	3	4	5
8	9	10	11	12	13	14	6	7	8	9	10	11	12
15	16	17	18	19	20	21	13	14	15	16	17	18	19
22	23	24	25	26	27	28	20	21	22	23	24	25	26
29	30						27	28	29	30	31		
jun-24							jul-24						
L	M	X	J	V	S	D	L	M	X	J	V	S	D
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3	4	5	6	7	8	9	1	2	3	4	5	6	7
10	11	12	13	14	15	16	8	9	10	11	12	13	14
17	18	19	20	21	22	23	15	16	17	18	19	20	21
24	25	26	27	28	29	30	22	23	24	25	26	27	28
							29	30	31				

5. Spanish Income Tax - Worldwide Incomes:



- All **worldwide incomes** are subject to the Spanish Income Tax, regardless if are taxed, paid or received in another country.

i. General Tax Base



Salary & pensions



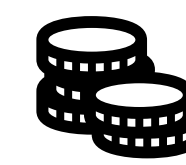
Real Estate



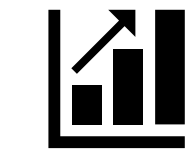
Self-Employment

- To determine the total tax liability, the Spanish Income tax splits its incomes into two different tax base with different tax rates:

ii. Savings Tax Base:



Dividends & interest



Capital Gains

5. Spanish Income Tax – Minimum Threshold:



- Any Spanish Tax Resident must file a Spanish Income Tax Return if he meet the minimum income filing requirements, which for tax year 2023 are:

Rule	Income	Limit	Conditions
1º	Salary, Pensions & Alimony	22.000	Single payer or two payers above EUR 1,500.
		15.000	Two or + payer below EUR 1,500. Alimony Income not subject to Payroll tax Income subject to a fix Payroll tax rate.
	Dividends, interest	1.600	Incomes subject to withholding.
	Capital Gains		
	Real Estate (2nd + property)	1.000	-
2º	Salary, Pensions & Alimony	1.000	-
	Dividends, interest + Real Estate Incomes		
	Capital Gains		
	Losses	<500	-

5. Spanish Income Tax – Salary, alimony & pensions:



- Individuals report their worldwide salaries, alimony, pensions, unemployment benefits, dismissal compensations, either in cash or in kind, offsetting the Social Security paid (only if its mandatory), contributions to unions and contributions to Professional Association and legal fees of employment dispute resolutions.
- An exemption of up to EUR 60,100 would apply for salaries if the work is provided abroad.
- Salaries paid from a foreign country → To analyze if the payroll tax could be offset in Spain as foreign tax credit. Under article 15 of the Model Tax Convention of the OECD, salary should be taxable in the country from where the employee provides the service.
- If the employer applied a payroll tax without following article 15 of the Model Tax Convention, no Foreign Tax Credit could be claimed in Spain. To apply for a refund in the employer country.

5. Spanish Income Tax – Salary, alimony & pensions:



- Individuals would apply an allowance up to EUR 2,000 (automatic included in your tax return). The amount would increase in certain cases (unemployment, disability).
- An additional allowance would be applied for individuals having salaries below EUR 19,747.50 up to EUR 6,498.

5. Spanish Income Tax – Self-Employee:



- Individuals that are deemed freelancers / self-employee / contractors, should report their incomes, subsidy / grants less expenses.
- There is no a detailed list of expenses that could be offset. The definition of an offsetable expenses is:
“Any expenses that is exclusive linked to the business”
- The expenses must be registered in the accounting books and must have the invoice.
- **Highly recommended** → Save the invoices and accounting books 4 years as of filing the tax return.
The statute of limitation is 4 years, period in which the Spanish Tax Office might audit your income tax return.

5. Spanish Income Tax – Self-Employee:



- Specific expenses with requirements set in the law:
 - a) Bad debts → After 6 months of the unpaid invoice (If the VAT is already paid, you could apply for a refund of the VAT).
 - b) Depreciation → Any asset which purchase price is over EUR 300 could be depreciated following twice of the depreciation rates.
 - c) Meals & accommodation → Linked to the business, in business days and outside of the work & tax domicile city:
 - Up to EUR 26,67 per day inside Spain and EUR 48,08 outside Spain.
 - Must be paid by electronic means.
 - **Highly recommended** → email / communication with the client, supplier with the meeting date.
 - d) Health Insurance → Up to EUR 500 per taxpayer (EUR 500 additional for spouse and each kid).
 - e) Working from home → 30% over the proportion between total Sqm2 of the property and Sqm2 used to work.

5. Spanish Income Tax – Self-Employee:



- Expenses that usually are challenged by the Tax Office:
 - a) Car / motorbike → Only if it is exclusive for business reasons (e.g. if the taxpayer use the car 1 second for private use, no expense).
 - b) Expenses registered with a receipt / payment document → not accepted by the Spanish Tax Office. Courts might accept if proven linked to the business.
 - c) Travel expense (flight / train tickets, hotel) → Invoice, during business days, communication / email with client to evidence the purpose of the business trip. Boarding Pass, purchase receipts are not accepted. Only the invoice.
 - d) Client attentions → Limited to 1% of the net profit (i.e. inviting clients to a business lunch, gifts...).

5. Spanish Income Tax – Self-Employee:



- Self- Employees can apply two deductions:
 1. Deduction up to 7% of the net profit, limited to EUR 2,000.
 2. Deduction amounting 20% of the net profit limited to EUR 20,000 on the first two profitable years.
Attention → Profitable year 1 + 1. Might lose the deduction if year 1 profitable, year 2 a loss and year 3 profitable (pending of a judgement).

5. Spanish Income Tax – Real Estate:



- Incomes from worldwide rented out properties less expenses linked to the rental should be included in the Spanish Income Tax return.
- Specific expenses linked to the rentals set in the law:
 1. Interest paid on mortgage, loans to buy the property.
 2. Repair and refurbishments.
 3. Taxes (e.g. property tax), insurance, community property fees.
 4. Bad debts.
 5. Services linked to the property (real estate agent, lawyer, accountant...).
 6. Depreciation = 3% of the purchase price of the construction (land plot cannot be depreciated).
- If the property is not rented out during the entire year, general expenses like interest, taxes, insurance, community property or depreciation should be offset over the number of days the property was rented out.

5. Spanish Income Tax – Real Estate:



- Landlords can apply a discount over the net profit of a dwelling under a long-term rental agreement (+1 year):
 - **90%** of the net profit if the dwelling is in a stressed residential market area and the landlord decreases 5% the rent compared to the previous rental agreement.
 - **70%** of the net profit if the dwelling is in a stressed residential market area and the tenant is between 18 and 25 years old.
 - **60%** of the net profit if the dwelling has been refurbished and the cost is over 25% of the purchase price.
 - **50%** of the net profit in any other situation.

Highly recommended → Save the invoices and expenses documents within 4 years as of filing the tax return. The statute of limitation is 4 years, period in which the Spanish Tax Office might audit your income tax return.

5. Spanish Income Tax – Real Estate:



- The Spanish Tax Law understands properties not rented out, different your main property, accrues a deemed income amounting to:
 - a) 1,1% of the reviewed cadastral value
 - b) 2% of the cadastral value if it is not review
 - c) 2% of the 50% of the purchase price if the property has no cadastral value.

5. Spanish Income Tax – Dividends & interest:



- A dividend shall be understood as any income (in cash or in kind) from a share. It is a wider definition of a dividend. Receiving an asset or a service, without consideration, from a company a Spanish Tax Residents owns is deemed Dividend.
- Interest from lending money to third parties.
- Deductions → administration and deposit expenses of a portfolio. Management expenses no.

5. Spanish Income Tax – Capital Gains:



- Any income that cannot be included in any other section is regarded capital gains.
- A capital gains would be the difference between the sale price and purchase price.
- The sale price could be adjusted by expenses and taxes strictly linked to the sale.
- The purchase price includes any expenses and tax paid in the acquisition of an asset.
- The income tax law sets specific rules for different transactions (unlisted shares, capital reduction, liquidation of a company, losses, primary home gain roll-over, +65 years old capital gains...).

5. Spanish Income Tax – Allowances:



- The Spanish Income Tax allows to adjust the tax base depending on the family situation and/or contributions to pension plans:
 1. Allowance based on Family and personal circumstances:
 - a) General adjustment of EUR 5,550 per tax payer (-65 year), EUR 6,700 (+65) or EUR 6,950 (+75).
 - b) Additional EUR 2,400 for the first kid, EUR 2,700 for the second, EUR 4,000 fourth and EUR 4,500 for the fifth +.
 - c) If the kid is -3yr old, additional EUR 2,800.
 2. Allowance based on the alimony **paid** following a court order / divorce signed at courts.
 3. Allowance based on the contributions to pensión plan with specific limits.

5. Spanish Income Tax – Tax Rates:



- Fifty per cent of the Spanish Income tax base is assigned to each Spanish region, allowing to set its tax rates over the 50% assigned.
- General Tax Base*:

Tax Base - Up to	Tax liability	Rest of tax base	Tax Rate
0,00	-	12.450,00	19,00%
12.450,00	2.365,50	7.750,00	24,00%
20.200,00	4.225,50	15.000,00	30,00%
35.200,00	8.725,50	24.800,00	37,00%
60.000,00	17.901,50	240.000,00	45,00%
300.000,00	125.901,50	Onwards	49,00%

5. Spanish Income Tax – Tax Rates:



- Savings Tax Base:

Tax Base - Up to	Tax liability	Rest of tax base	Tax Rate
-	-	6.000,00	19,00%
6.000,00	1.140,00	44.000,00	21,00%
50.000,00	10.380,00	150.000,00	23,00%
200.000,00	44.880,00	100.000,00	27,00%
300.000,00	71.880,00	Onwards	28,00%

5. Spanish Income Tax – Deductions:



- Deductions a Spanish Tax Resident can apply to reduce his tax liability (Spanish General deductions):
 - a) “Business Angel” up to 50% of the investment in a Spanish start-up.
 - b) Charity to NGOs under the Law 49, 2002 and having the certificate.
 - c) Acquisition of electric vehicles and installation of charging points.
 - d) Home energy efficiency improvement works.
 - e) Donations to Political parties, limited to EUR 600.
 - f) Maternity deduction up to EUR 1,200 per year (increase with kindergarden expenses) until the kid is 3 years old.
 - g) Large Family (+3 kids) Eur 1,200 per year (increases in EUR 600 for each additional kid).
 - h) Family with a disable member EUR 1,200 per year.

5. Spanish Income Tax – Deductions:



- Catalunya has set its own deductions over their 50% tax base, being the most relevant the followings:
 1. EUR 150 for the birth or adoption of a child.
 2. For renting the main residence (10% of the yearly rent, the tenant should be -30yr old and his Tax base below EUR 20,000).
 3. For payment of interest on loans for master's and Phd studies.
 4. For taxpayers who have been widowed in the tax years 2019, 2020, 2021.
 5. For donations to entities that promote the use of the Catalan or Occitan language.
 6. For donations to entities that promote scientific research and technological development and innovation.
 7. For the rehabilitation of the main residence.
 8. For donations to certain entities benefiting the environment, the conservation of natural heritage, and land stewardship.
 9. For investment by a business angel.
 10. For the obligation to file the income tax return due to having more than one payer.

5. Spanish Income Tax – Foreign Tax Credits:



- If any income to be reported in the Spanish Income Tax has been already taxed in another country, to prevent double taxation, individuals can apply a foreign tax credit amounting the lowest between:
 - i. Taxes **paid** abroad.
 - ii. Taxes paid in Spain corresponding the foreign income.
- **Highly recommended** → To review if the tax is paid in the later country. You cannot apply a foreign tax credit with a withholding/payroll tax or an estimate of the taxes due.
- Only taxes paid according to the provisions of the Double Tax Convention between Spain and the country where the income comes from can be claimed in Spain.
- If an income was subject to taxes in another country without following the provisions of the Double Tax Convention, a refund should be applied in the later country.

5. Spanish Income Tax – Joint / separate return:



- A frequent question we always being asked by our clients:

“Should I file a Joint or an Individual return if I am married?”

- A Joint Return could be filed and the spouses would apply an allowance of EUR 3,400. However, the tax base would be incomes of both spouses and the tax rate would be applied over the combined incomes.

Highly recommended → A Joint Return is worth only if one of the spouses receives no salary, rentals or freelancing incomes.

6. Wealth Tax



- Spanish Tax Residents should report their worldwide wealth if it is above the minimum threshold by filing a tax form 714 (individual).
- The tax is levied on the net value (purchase price / market value less liabilities) of the assets held by the taxpayer on December 31st (accrual date).
 - ✓ Habitual Dwelling → Exempt up to EUR 300,000.
 - ✓ Shares from active business → Exempt.
- A minimum threshold of tax tax-exempt amount (EUR 700,000 / set by the region the taxpayer lives) will apply (Catalunya is EUR 500,000).

6. Wealth Tax



- Reporting assets and value: The tax is levied on the net value (purchase price / market value less liabilities) of the assets held by the taxpayer on December 31st (accrual date).

Asset	Reporting Value
Bank account	Highest between Q4 average balance and December 31 st balance.
Listed shares	December 31st trade value
Unlisted shares	Highest between equity or share capital
Real estate	Purchase price
Bonds	December 31st trade value
Funds	December 31st trade value
Loans	Outstanding loan December 31st
Jewel, luxury articles	Purchase price
Cars & Vessels	Purchase price
Liabilities	Debt at December 31st

6. Wealth Tax



- The tax liability is calculated by applying the progressive rates established by the autonomous communities in Spain to the net taxable base (i.e. after applying the minimum threshold and exemptions). If the corresponding autonomous community does not establish its own scale of progressive rates, the following scale will apply:

Taxable base (up to EUR)	Tax liability (EUR)	Rest of taxable base (up to EUR)	Applicable rate (%)
0.00	0.00	167,129.45	0.2
167,129.45	334.26	167,123.43	0.3
334,252.88	835.63	334,246.87	0.5
668,499.75	2,506.86	668,499.76	0.9
1,336,999.51	8,523.36	1,336,999.50	1.3
2,673,999.01	25,904.35	2,673,999.02	1.7
5,347,998.03	71,362.33	5,347,998.03	2.1
10,695,996.06	183,670.29	and above	3.5

7. Beckham Law regime:






- Individuals under the Special tax regime applicable to workers, professionals, entrepreneurs and investors relocated to Spanish territory, so-called “Beckham Law regime”, would report their worldwide salary and Spanish Income source through **tax form 151**.
- A Spanish Income Source is deemed a dividend from a Spanish Company, interest from a Spanish loan agreement, income from a Spanish Real Estate or capital gain from a Spanish Asset.
- Incomes are reported over the gross = no expenses can be offset.
- Deduction to charity and Foreign tax credit could be applied.

8. How do I file my tax return?



- Step 1 → To obtain the reference number at the Spanish Tax Office website (Campaña Renta 2023) with your DNI/NIE:

Verify your identity with


-  .Cl@ve, Mobile (includes .Cl@ve, PIN)
-  Certificate or electronic DNI
-  Number of DNI / NIE, and exercise box

[Do you have any questions? visit the digital identification help](#)

Obtain reference number with DNI / NIE and exercise box

You can obtain your reference number for the Income Tax by entering your DNI, or NIE, and box 505 of the 2022 Income Tax.

Ya puede utilizar la referencia obtenida para acceder a los servicios de Renta.

La referencia del NIF 

para gestionar Renta es: **T196VX**

Por favor, anote esta referencia y consérvela para usos posteriores.

8. How do I file my tax return?



- Step 2 → Log in to the Spanish Tax Office Renta 2023 portal with the reference number and download your tax data or start filing your tax return:

Income Campaign 2023

Start of the campaign: April 3, 2024

Fill & file
Download
your tax data

→ [Draft / tax return processing service \(Renta WEB\)](#) [? Help](#) [↗](#)

→ [Tax data](#) [? Help](#) [↗](#)

[Get your reference number](#) [? Help](#)

[Register on Cl@ve](#) [? Help](#) [↗](#)

[All procedures](#)

About us:



Anna Klevtsova
Managing Partner

Anna has more than 20 years of legal practice in International Law, and is a Certified Lawyer with the Bar Association of Barcelona.

After receiving her Law Degree "Cum Laude" at the age of 20, she worked in Public Sector and several EU International Cooperation projects in various countries, specializing in particular, in Central Asia. She also worked in several multinational private businesses in real estate and hospitality sectors. She focuses in bringing best international practices in every project she carries out.

Anna holds an LLM in International Human Rights Law from England, for which she received a full scholarship on merits, and also a Master's Degree in International Law (Abogacía Internacional) from Spain.

Anna leads our Corporate and Commercial Law Practice, and specialises in business set-up, investment transactions, and immigration strategies.

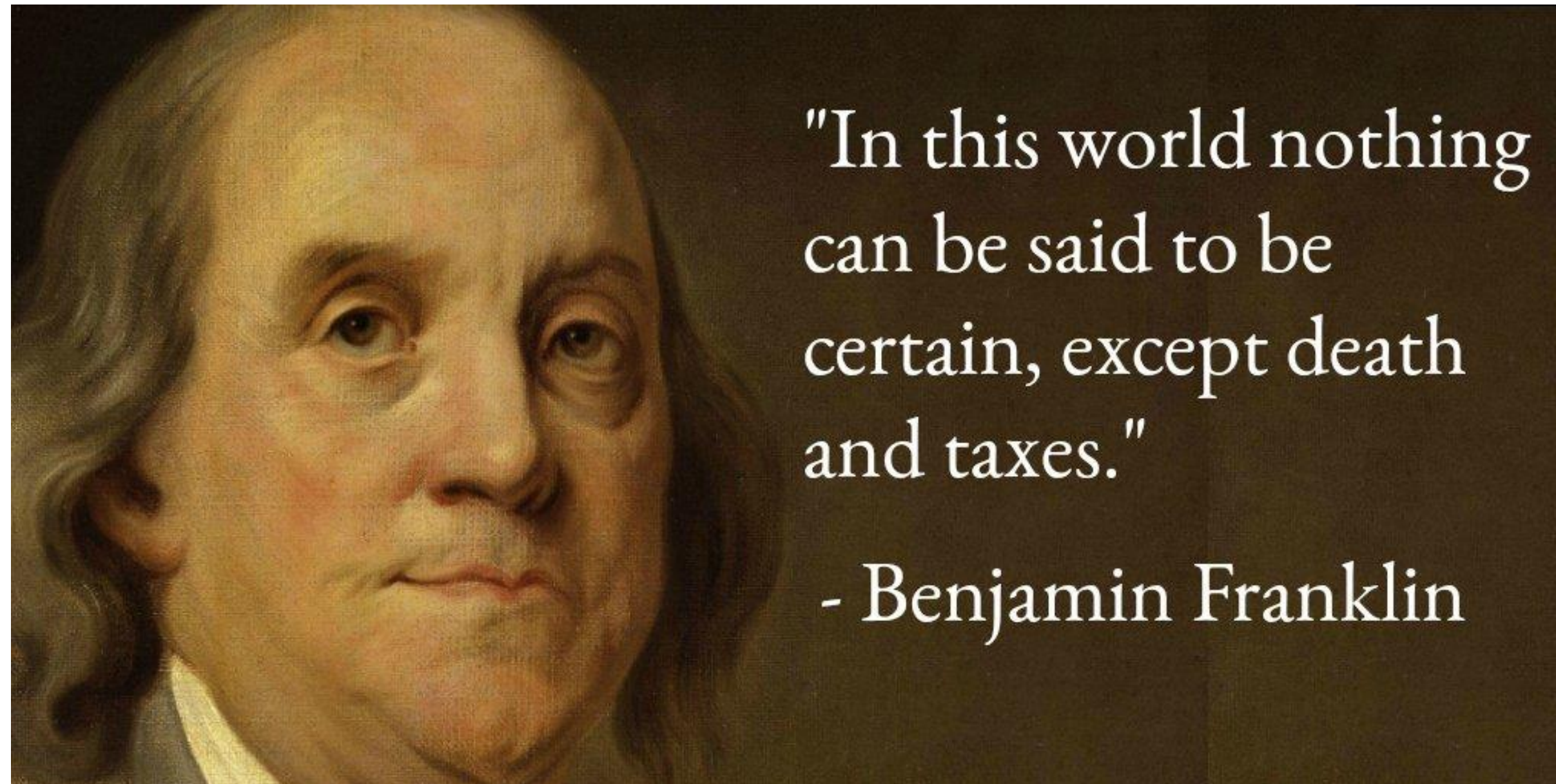


Sergi Garcés
Tax Lawyer

Sergi has a Law degree from the Autonomous University of Barcelona and a master's degree in Tax Advice and Management from the prestigious ESADE Business School and is a member of the Barcelona Bar Association with the number 35.377.

He has spent the majority of his professional career working for one of the Top4 law firms advising non-residents, multinational groups, start-ups and venture capital.

In Klev&Vera he provides legal advice on complex international tax matters to residents and non-residents, Beckham Law regime, as well as corporate and individual tax planning.



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