



Taxation in Spain

2023

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1. Taxation of tax resident in Spain (IRPF)

Individuals who are considered as resident for tax purposes in Spain, are subject to the Personal Income tax on their **worldwide income**. That is, they are subject to tax in respect of all the income obtained within the tax year, regardless of who is the payer of that income or where such income has been generated.

Tax residence in Spain is determined on the basis of the following criteria: (i) individual's presence in Spain for **more than 183 days in the tax year** and (ii) the localization in Spain of his/her **economic center of interest**.

A **presumption of tax residence in Spain** will arise, unless it is proved otherwise, when the individual's family (i.e., non separate spouse and depending children) are considered as resident of Spain..

It is not possible to be part year resident in Spain. An individual is considered as tax resident or non tax resident for the whole year.

For calculating Personal Income Tax, income is divided into (i) General income and (ii) Saving Income.

- **General Income** includes employment income, real income, professional income, imputed income and capital gain that are not generated from a taxation (as for example certain awards).

Certain reductions may apply to the General Income.



- **Saving income** will include income derived from Bank Accounts, such as interest, or dividends, bonds, life insurance premiums, etc.) and the capital gains and losses generated within the year.

Capital gains and losses can be offset. In the event of a negative balance, it can be carried forward during the following four years.

The tax rates are progressive tax rates. There are **different progressive rates for the General Taxable base and the Saving Taxable base**.

In case of double taxation, individuals will be able to ask for a foreign tax credit at the time of filing their annual tax return.

In respect of the above, Spain has signed **Double Tax Treaties** with different countries, that provide with the guidelines to conclude about which State will have the ability to tax each type of income and in provides with the rules to avoid Double Taxation.

The **tax year in Spain is the calendar year**.

Annual tax return (**Form 100**) must be filed during between **April and June of the year following the year of assessment**.

Progressive tax rates- 2023

GENERAL TAXABLE BASE			
Taxable base (up to)	Tax liability on lower limit	Remaining taxable base	Tax rate
0,00 €	0.00 €	12.450,00 €	19%
12.450,00 €	2.365,50 €	7.750,00 €	24%
20.200,00 €	4.225,50 €	15.000,00 €	30%
35.200,00 €	8.725,50 €	24.800,00 €	37%
60.000,00 €	17.901,50€	240.000,00 €	45%
300.000,00 €	125.901,50€	onwards	47%

IMPORTANT: The above rates are the total rates considering the State Tax and the Autonomous taxes , if the Autonomous Region where the individual is resident, has not approve its own rates. In the case that an Autonomous Region has approved its own progressive rates, the above tax Schedule may vary.

SAVING TAXABLE BASE			
Taxable base (up to)	Tax on lower limit	Remaining taxable base	Tax rate
0,00 €	0,00 €	6.000,00 €	19%
6.000,00 €	1.440,00€	7.750,00 €	24%
50.000,00 €	10.380,00€	15.000,00 €	30 %
200.000,00 €	44.880,00 €	24.800,00 €	37%
300.000,00 €	71.800,00 €	240.000,00 €	45%



2. Special Tax Regime (Beckham Law)

Those individuals who, due of their arrival in Spain, were to be considered as tax resident of Spain, may choose to be subject to tax under the Special Tax Regime (Beckham Law).

Requirements

- a) Not have been resident for tax purposes in Spain in the 5 years preceding the year of arrival in Spain..
- b) The posting in Spain may occur either in the same year when the Special Regime will apply or the prior year.
- c) The arrival in Spain must occur due to one of the following circumstances:
 - 1º. Due to (i) an employment agreement with a Spanish Company or (ii) an International assignment from a foreign company to work for a Spanish entity or, (iii) for the decision to work in Spain for a foreign employer, exclusive on remote (digital nomads).
 - 2º. For the acquisition of administrator and shareholder of a Spanish Company (except those call "*entidades Patrimoniales*")

3°. For carrying out in Spain an independent activity qualified as “entrepreneurial activity”


4°. Due to activities performed by a self employed worked, who is considered as high qualified professional who provides services to emerging Companies, or who carries out training, research and development activities, receiving a remuneration that represent more than 40% of the total business, professional and employment income.

d) That income qualified as income derived from a Permanent Establishment is not obtained (except the above-mentioned case of entrepreneurial business activity or activities for emerging Companies)

Rules for taxation

To be granted with the Special Tax Regime mainly will mean that the individual, even being a tax resident of Spain, will be subject to tax according to the nonresident tax rules, with the following specialties:

1. The individual will be subject to tax in respect of his/her worldwide employment/business or self-employed income generated from the date of arrival in Spain.
2. Certain exemptions provided for non tax resident of Spain will not apply (this is the case of severance payments in case of dismissal).
3. For calculating the taxable base, the individual will not be able to offset gains and losses
4. Individuals under the Special Tax Regime will be subject to the Net Wealth Tax in respect of their Spanish Net wealth

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4. The annual tax return will be filed through **FORM 151** during the months of April and June of the year following the year of assessment.

Special Tax Regime for family members

From January 1st, 2023, the spouse and children under 25 years old, will be able to benefit from the Special Tax Regime, provided that the following requirements are met:

- They should arrive in Spain with the individual who has applied for Special tax regime or, at a later date, but before the end of the first year of application of the Benefit.
- The family will be considered as tax resident of Spain
- The family has not been tax resident of Spain in the last 5 years before the arrival in Spain.
- They cannot obtain income qualified as income derived from a Permanent Establishment in Spain.
- The taxable base of family members, must be lower than the taxable base of the "mail" taxpayer (this requirement should be met every year).
- The special tax regime will be applicable to the extent that it is applicable to the main taxpayer.

Tax rates

GENERAL TAXABLE BASE	
Taxable base	Tax rate
Up to 600.000,00 €	24%
From 600.000,01 onwards	47%

SAVING TAXABLE BASE			
Taxable Base (from)	Tax on lower limit	Remaining taxable base	Tax rate
0,00 €	0,00 €	6.000,00	19%
6.000,00	1.140,00€	44.000,00 €	21%
50.000,00 €	10.380,00 €	150.000,00 €	23%
200.000,00 €	44.880,00€	onwards	26%



3. Taxation of non tax resident in Spain (IRNR)

Non-tax resident individuals are subject to tax in Spain in respect of their **Spanish source income** (income generated within the Spanish Territory)

Non -resident of Spain will have to file a separate return per each type of income (**Form 210**). Different deadlines will apply, as follows:

- **Tax returns resulting in a tax due**

1. General rule: the returns must be filed on a quarterly bases, by the 20th of April, July, October and January following the relevant quarter.
2. Income from not rented our properties located in Spain (Imputed income). The return must be filed between January 1st and December 31st of the year following the year of assessment.
3. Sale of properties located in Spain. The deadline if four months since the transaction date.

- **Tax returns with a tax refund**

If the tax return result in a tax refund, it can be file for four years following the date of assessment. A certificate of residence in the relevant country must be filed at the time of filing the return.





Tax rates

- General tax rate: **24%**.
- Resident of a EU country or resident in Island and Norway: **19%**
- Saving income: **19%**
- **Different rates** may apply to other income such as pensions and similar income, up to 40%

4. Net Wealth Tax

Individuals who are tax resident of Spain are subject to the Net Wealth tax on their **worldwide net wealth**, whenever it is located.

Non tax resident of Spain who are **Non tax resident of Spain**, are subject to the Net Wealth Tax. As an exception, **resident of an EU State, may opt for being subject to the Net Wealth tax according to the tax resident rules.**

Individuals under the Special Tax Regime will be subject to the Net Wealth tax on their Net Wealth located in Spain..

Each Autonomous Region may be able to establish specific rules for calculating the taxable base.

As a general rule the taxable base is reduced in 700.000 euros (unless a specific provision has been approved by the Autonomous Region).

Taxpayers are subject to a filing requirements in the following scenarios:

- The tax returns results in a tax due.
- There is no tax due, but the total value of the wealth amounts to 2.000.000 euros.

The deadline for filing the tax return is from April to June 30th, trough **Form 714**. Electronic filing is mandatory and joint taxation is not allowed.

Tax rates

If the Autonomous Region where the individual is resident has not approved a Tax Rate Schedule, the following rates will apply:

Taxable base (up to)	Tax liability on lower limit	Remaining taxable base	Tax 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	onwards	3,5%



A vertical strip on the left side of the page shows a close-up of a US dollar bill. It features the portrait of Benjamin Franklin, the circular seal of the Federal Reserve System, and the text 'FOR ALL DEBTS IS LEGAL TENDERS'.

5. Reporting obligation of assets located overseas (Form 720)

The reporting obligation of assets located overseas (Form 720) **does not imply a tax payment..**

Despite the above, not filing the return, or filing it out of the deadline may carry out sanctions from the Spanish Tax Authorities.

Form 720 may be filed between **January 1st and March 31st** of the year following the year of assessment.

Details to be reported

There are three different groups of information: (i) Bank accounts (ii) investments y (iii) Real Estate.

The return must be filed in the following scenarios:

- If the valuation on December 31st, of any of the three groups of information is more than 50.000 euros.
- When any previously reported asset is cancelled.
- When there is an increase in the value of a reported group of information of more than 20.000 euros.
- If a group of information, not reported in previous years, reached the value of 50.000 euros.



Who is required to file FORM 720?

Among others, the following are subject to the reporting obligation:

- Individuals who are considered as tax resident of Spain (with the exception of individuals under the Special Tax Regime).
- Communities of assets and inheritances.
- Real owner of the assets at any time of the year to which the return refers.
- Holders, representatives, authorized individuals, or beneficiaries of financial account accounts located abroad.

6. Tax on high-Net-worth individuals

The Spanish Government has announced a new tax for high-Net-Worth individuals.

Even when it is the intention to apply this tax for a certain period (two years), the Spanish government will have the right to revise this.

Main rules

Most of the rules for calculating this tax are the same as for the Net Wealth Tax.

The total value of the net wealth will be reduced in 700.000 euros.

Tax rates

Taxable base (up to)	Tax on lower limit	Remaining taxable base	Tax rate
0,00	0,00	3.000.000,00	0%
3.000.000,00	0,00	2.347.998,03	1,7%
5.347.998,03	39.915,97	5.347.998,03	2,1%
10.695.996,06	152.223,93	En adelante	3,5%

The individual may deduct from the tax liability resulting from the application of the above rates, the total tax due paid in the Net Wealth tax return (if any).

The information of this document is a summary in nature and should only be used as an orientation guidance. This document does not imply an advice or a deep analysis and cannot be considered as a professional judgment. Any specific issue must be revised by a professional advisor.

Although small differences regarding the Personal Income and Net Wealth tax may happen depending on the region of residence, the above regulations are applicable to the entire Spanish territory except for Basque Country and Navarra. For tax advice in the Basque country and Navara, please do not hesitate to contact us.

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