

TAXES IN SPAIN

A complete guide

2025

By:



**Balcells
Group**

- HOW DOES THE TAXATION IN SPAIN WORK?
- TAXES FOR SELF-EMPLOYED INDIVIDUALS
- TAXES FOR COMPANIES
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How does the taxation in Spain works?

SPANISH TAX SEASON



From
January to December



You should pay your taxes between
the 1st of May and the 30th of June
of the next year.



**TAX
RESIDENT**



**NON TAX
RESIDENT**

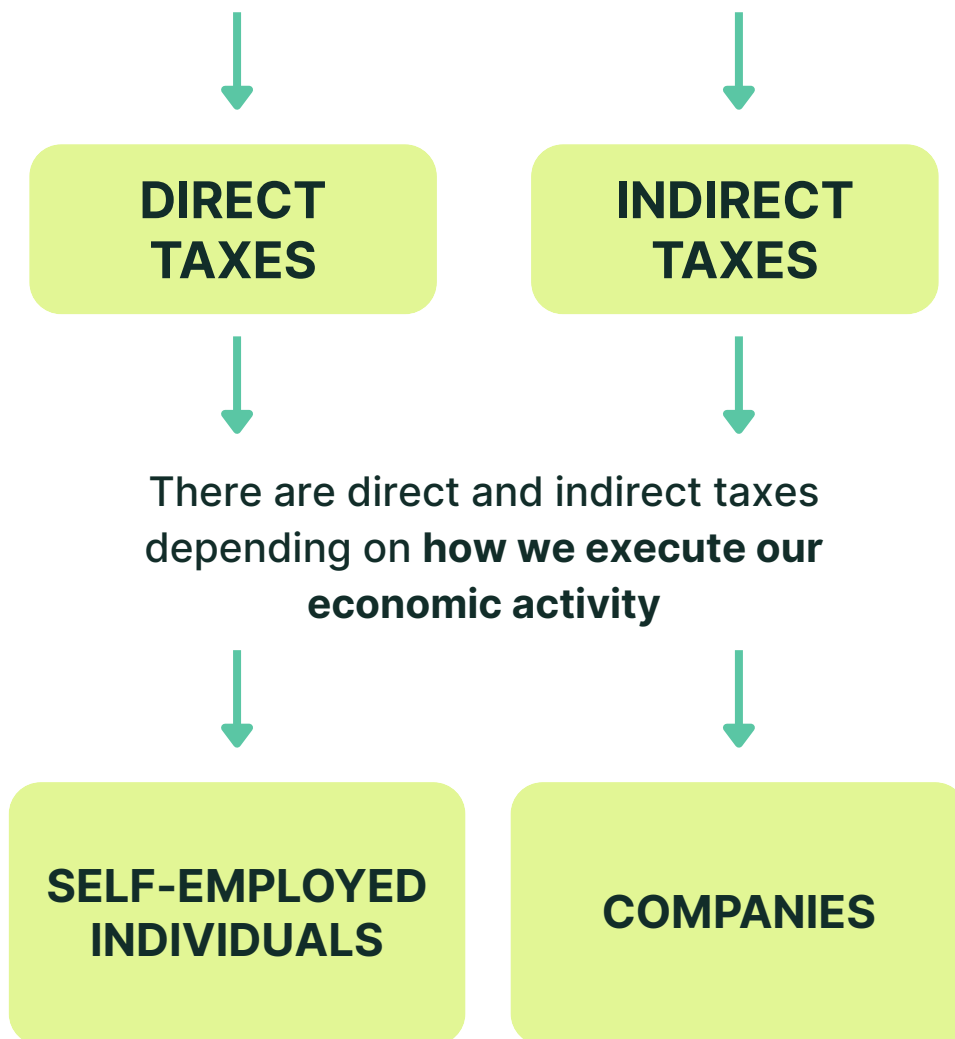
How do I know if I am a tax resident in Spain?

You will be considered a tax resident if you meet just one of the three requirements:

- You live in Spain more than 183 days per calendar year (note that the days don't need to be consecutive in order to count).
- You have economic interests in the country, meaning that you realize your professional activity in Spain, whether you work for a company or you are self-employed.
- Your spouse and/or children live in Spain.



Individuals & entities pay 2 types of taxes



Self-Employed individuals

1. Personal income tax (PIT) or IRPF
2. Capital gains tax
3. Wealth tax
4. Inheritance and donations tax
5. VAT (Value added tax)
6. Non-resident income tax (IRN)



1

**Personal income tax
(PIT) or IRPF**

The income tax, also called IRPF in Spanish, is a direct tax that is applied to the difference between the incomes earned by an individual minus the expenses that can be deductible according to the Spanish tax system.

**INCOME TAX FOR
RESIDENTS IN SPAIN****INCOME TAX FOR
NON-RESIDENTS**

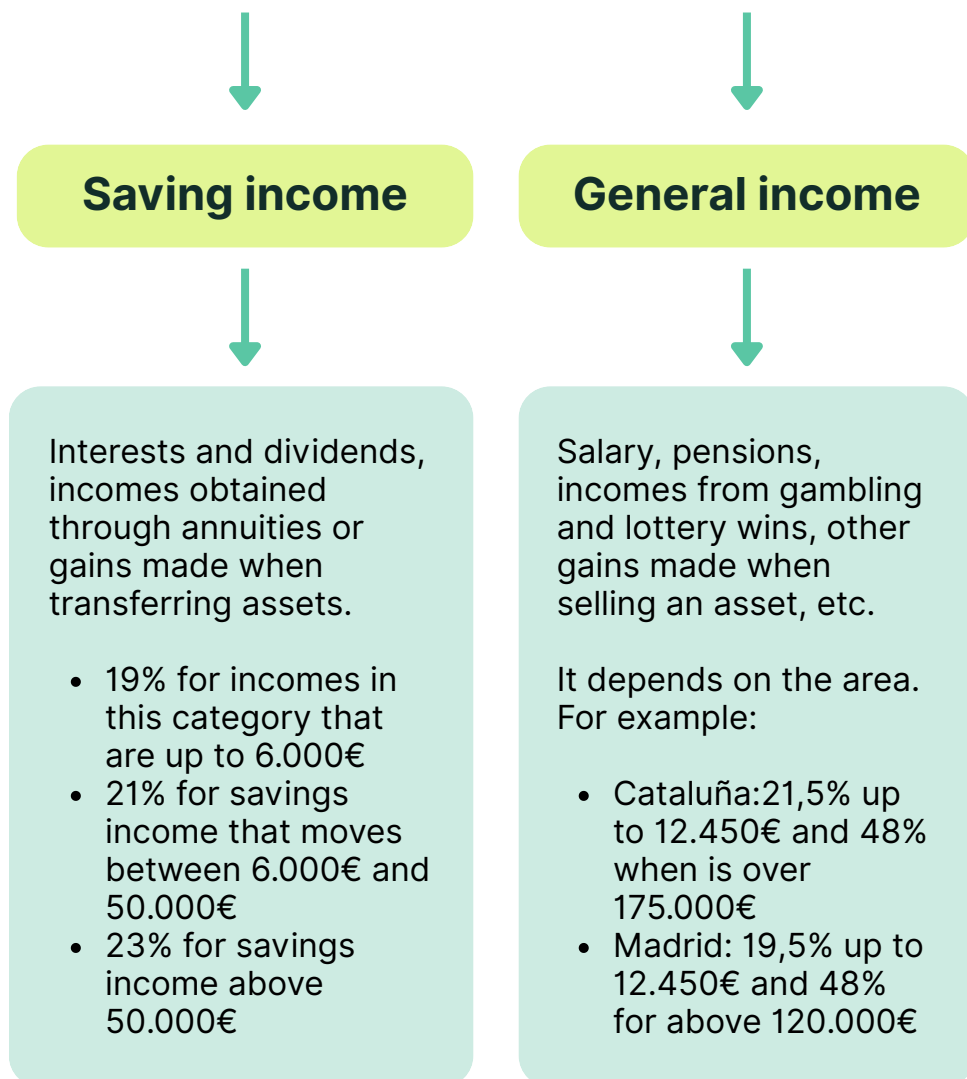
More than
183 DAYS
per year
living in Spain

Less than
183 DAYS
per year
living in Spain

1

**Personal income tax
(PIT) or IRPF****INCOME TAX FOR RESIDENTS IN SPAIN**

The income tax, also called IRPF in Spanish, is a direct tax that is applied to the difference between the incomes earned by an individual minus the expenses that can be deductible according to the Spanish tax system.



1

**Personal income tax
(PIT) or IRPF****INCOME TAX FOR NON-RESIDENTS**

Non-residents will be liable for any income they obtain in Spain, only. Worldwide income won't be considered.



The rental income you obtain from a Spanish property you own, dividends from a company you have invested in, etc.

**19%**

For European Union country,
Iceland or Norway

24%

For any other country

1

**Personal income tax
(PIT) or IRPF**

DEDUCTIBLE EXPENSES FOR THE INCOME TAX

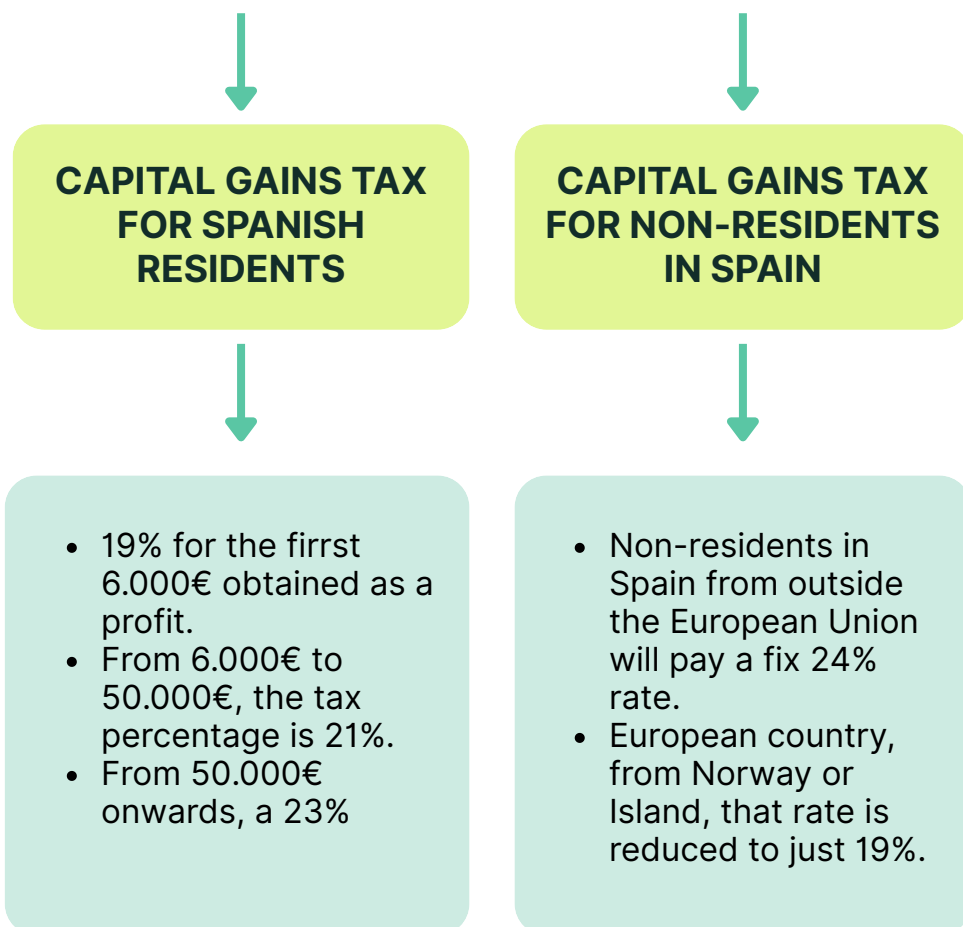
1. Personal allowances, like the disability allowance or the child one.
2. The amount you paid during the purchasing process of a house.
3. Payments made to the social security.
4. Any maintenance payments that you realize.
5. Things like medicines.
6. Contributions to the Spanish pension scheme.

2

Capital gains tax

The capital gains tax is the tax that is paid on the profits that you obtain once you sell any kind of asset like a property or land, or from an investment in the Spanish territory.

Whenever the sale value is greater than the price you paid for the investment/asset for its acquisition, capital gains tax will be paid on that difference, the profit.



2

Capital gains tax

BONIFICATIONS AND HOW TO AVOID CAPITAL GAINS TAX

1

THE MAIN HOME EXEMPTION:

If the amount of money that you earn from the sale of the property will be reinvested into the purchase of a new one, you don't need to pay capital gains tax. However, both the home you sell and the home you buy must be your habitual residence.

2

SELLING YOUR PROPERTY IF YOU ARE OLDER THAN 65:

To avoid paying capital gains tax, you must be 65 or older and have lived in the property for at least 3 years.

3

REDUCTION ON ASSETS BOUGH BEFORE 1995: All the properties that were acquired until December of 1994 will be eligible for this bonification. Nevertheless, there are two things to consider:

- The bonification will be only applicable to the gains produced until January of 2006.
- It must have been purchased for more than 400.000€.

**11% on
properties**

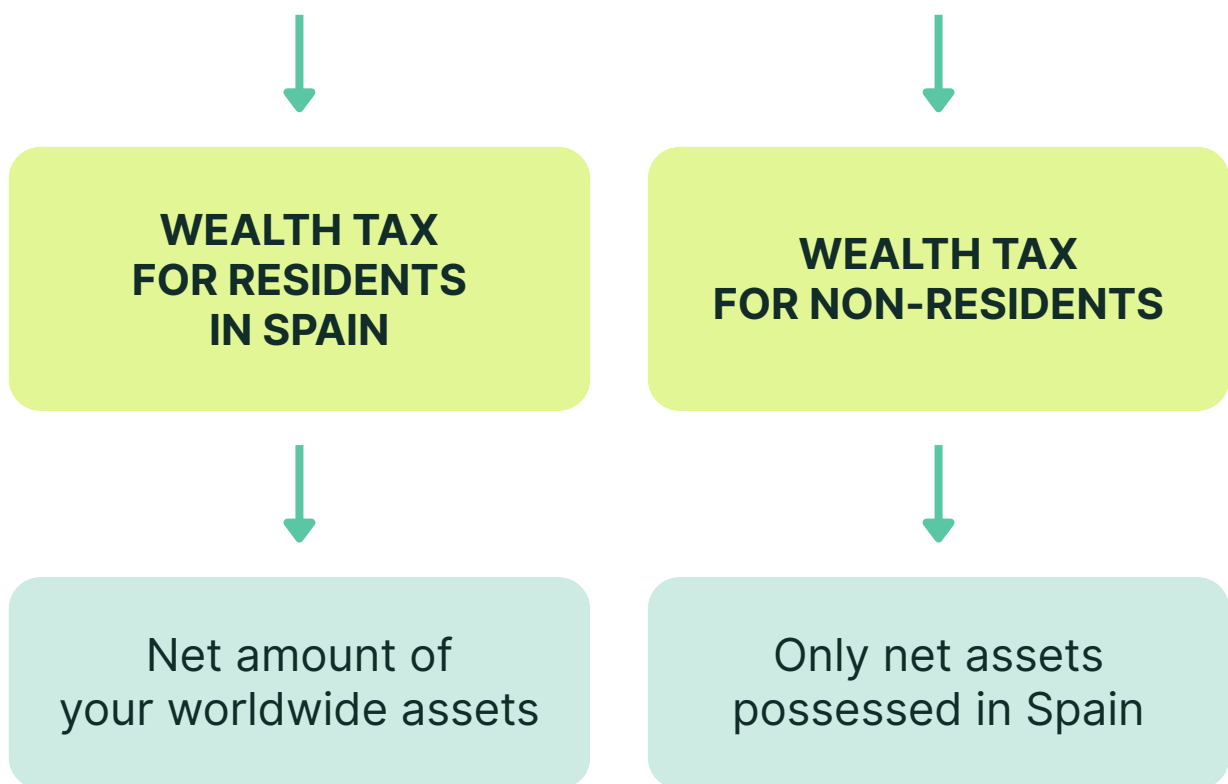
**25% in
company
shares**

**14% on all
the other
assets**

3

Wealth tax

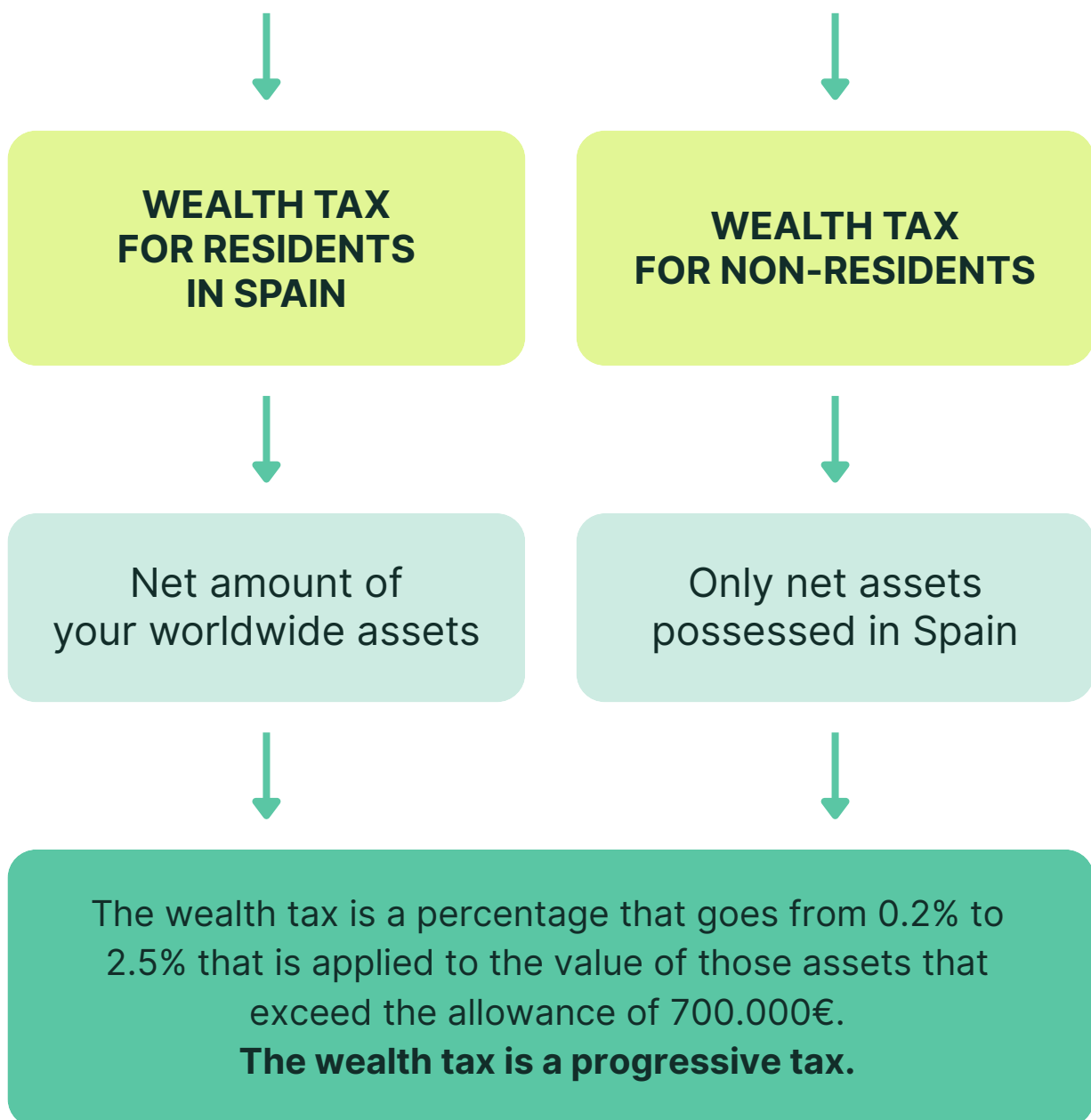
The wealth tax in Spain is a tax that both residents and non-residents must pay on their assets. We are talking about an individual tax that must be submitted individually, each year. There is not the possibility to do it jointly with your spouse.



3

Wealth tax

The wealth tax in Spain is a tax that both residents and non-residents must pay on their assets. We are talking about an individual tax that must be submitted individually, each year. There is not the possibility to do it jointly with your spouse.



3

Wealth tax

WHAT ASSETS WILL BE TAXED?



Real estate properties, savings, cars, jewelry, pieces of art (even though there are some exemptions here), boats and other investments.



Household contents except the mentioned before (like art), shareholdings on family companies, commercial assets, intellectual property rights, pension rights, etc.

4 Inheritance and donations tax

It's a progressive tax paid by the individual who receives an inheritance from a friend or relative; being a property, money or any other kind of asset.



IT IS APPLIED TO BOTH RESIDENTS AND NON- RESIDENTS EQUALLY.



- You won't be able to receive the inherited asset/s until you pay the whole amount.
- You will have 6 months with the possibility to request an extension of 183 additional days.
- You can also request to realize the payment by installments.

4 Inheritance and donations tax

TAX RATES FOR THE INHERITANCE LAW

INHERITANCE:

Up to €7,993

7.65%

From €7,993–€31,956

7.65% - 10.2%

From €31,956–€79,881

10.2% - 15.3%

From €79,881–€239,389

15.3% - 21.25%

From €239,389–€398,778

25.5%

From €398,778–€797,555

29.75%

Above €797,555

34%

4 Inheritance and donations tax

INHERITANCE TAX ALLOWANCES



The exact allowance depends on the relationship with the deceased. The closer to the deceased, the less you will end up paying.

1	Children (including adopted) under 21 years old.	Allowance of 47.859€
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2	Children over 21, grandchildren, his or her parents & grandparents and spouse.	Allowance of 15.957€
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3	Siblings, nieces, nephews, aunts, uncles and their descendants and ascendants, as well as in-laws.	Allowance of 7.993€
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4	Cousins, unmarried partners and all the other unrelated individuals (like friends).	Any kind of allowance
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5	Individuals with disabilities	Allowance of 47.000€ - 50.000€
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4 Inheritance and donations tax

HOW TO REDUCE THE INHERITANCE TAX PAYMENT

- 1 If the region you are located in allows you to, register yourself as a civil partnership. You will jump from group 4 to 2.
- 2 Draw up a will. This can help you protect some distant relatives.
- 3 You can leave your spouse a usufruct. You give her the full ownership of the property with the possibility to pass it to your children without any additional tax throughout the process.
- 4 You can try to claim that the inheritance law of another country applies to your case.

5 VAT (Value added tax)

This indirect tax, the well-known VAT, charges consumption and transactions.

It is not a subjective tax since it is paid according to the activity that we do as individual entrepreneurs: **certain activities have it and some do not.**



**IT IS APPLIED TO BOTH
FREELANCER AND COMPANY.**

6 Non-resident income tax (IRN)

The non-resident tax applies to those who spend less than 183 days per year in Spain (non-residents), and earn any kind of income in the country.



**Flat rate of
24%**

YOU MUST PAY THE IRNR IF:

You live in Spain for less than 6 months per year.

The core of your professional activities is not based in Spain.

Neither your children and spouse live in Spain the whole year.

6 Non-resident income tax (IRN)

NON-RESIDENT TAX ON RENTAL INCOME

1

IBI OR COUNCIL TAX

This tax is paid once a year to the local government in which your property is located in. The exact amount is calculated based on the cadastral value attached to the house/flat.

2

INCOME TAX

WHEN RENTING YOUR PROPERTY

You will need to pay yearly a flat rate of 24% on the income you earn due to that. No allowances or deductions can be applied here.

WHEN NOT RENTING

You will pay the “imputed income tax”. You apply the same 24% flat rate, but to 1,1% or to 2% of the cadastral value of your property.

1

COMPANIES

**INCLUDES 2 EXTRA TAXES TO
THOSE PREVIOUSLY SEEN**



CORPORATE TAX (IS IN SPANISH)



Is a direct tax that collects a % of the result of the economic activity of a company. It is a single tax of 25%, a flat and non- progressive rate.



TAX ON PROPERTY TRANSFERS (ITP)



The ITP records the different operations that take place during the life of a company (capital increases or decreases, mergers, divisions, etc.)

HOW TO SAVE TAXES AS A FOREIGNER?



BECKHAM LAW IN SPAIN



The Beckham law in Spain was published in 2004. Is a special tax regime that enables foreigners who move to the Spanish territory to pay a flat fee of 24% only on the incomes they obtain in Spain instead of a progressive tax on their worldwide incomes (19-45%) during his first 6 years in the country.

BECKHAM LAW IN SPAIN

BEFORE THE BECKHAM LAW

- You must pay income tax on your worldwide income. This includes money you obtained both in Spain and in any other country.
- The exact percentage you pay is progressive, increasing as your income increases. It goes from 19% on the lowest income gap and rises to 45% when you earn more than € 60,000.

AFTER THE BECKHAM LAW

- No matter if you spend over 183 days in the country, you are not regarded as a resident for tax purposes.
- You just pay Spanish income tax on the income you obtain in Spain.
- You just pay a flat rate of 24% up to the amount of €600,000 and 45% if the income exceeds the top amount.

ALL THE TAX REDUCTIONS UNDER THIS LAW

- **INHERITANCE AND DONATIONS TAX:** As the applicable tax is the non-resident tax, this transfers to the inheritance and donations tax as if the individual was a Spanish resident.
- **CAPITAL GAINS:** Dividend gains, as well as profits obtained through the sale of both movable and immovable properties, will be charged at a fixed rate of 19%.
- **PROPERTY TAX:** Dividend gains, as well as profits obtained through the sale of both movable and immovable properties, will be charged at a fixed rate of 19%.
- **TAXATION OF WORLDWIDE INCOME:** The worker will not be forced to pay for the income he gets worldwide. He will only be taxed on income generated in Spain. You won't be able to benefit from double taxation agreements because you will become a non-resident for tax purposes.

WHO CAN APPLY FOR THIS SPECIAL TAX REGIME?

Any foreigner who moves to Spain and is under the following rules:



- Foreign workers who have just moved to Spain.
- Wealthy expats who hold management or positions.
- Administrators that come to work for a company



- Self-employed workers
- Professional sport athletes
- Entity directors

Main requirements for the application of the Beckham rule

1. The expatriate can't have been a resident in Spain during the past 10 years.
2. The foreigner must have a job contract. So, he is moving to the Spanish territory due to work reasons.
3. This job contract must be signed with a **Spanish company**.
4. For those individuals who come to Spain to work as administrators, they cannot possess more than 24% of the company for the law to be applicable
5. The core of the workers' professional activities must be in Spain. It is possible to get work and get incomes from abroad, if they do not represent more than 15% of the total income.



Any doubts? More questions?

Our lawyers are here to make things
easy for you. We will:



Have an **initial consultation** with you
(online or at our offices)
to guide you step by
step



**Help you prepare all
your documents** so
that we make sure you
enjoy a successful
application



Be next to you
throughout the entire
process, **solving any
doubts** you may have
along the way

Book a consultation with us

HERE!

and have an expert immigration lawyer assigned to you **today**

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