

Taxes in Spain

A person is resident for tax purposes in Spain if he is physically present in Spain for more than 183 days in any calendar year. As a resident (from a tax point of view) and being an owner of a Spanish property he should be subject to:

Impuesto sobre Patrimonio (Wealth Tax): The owner of a Spanish property must, every year, submit a Wealth Tax Return. This must show the value of all of that person's assets located in Spain. The tax is based upon the real value of the property. For values up to 163.848,00 € of assets, the wealth tax is 0,2 %. Above this level, the rates of tax increase slowly.

Impuesto sobre la Renta de las Personas Físicas (Income Tax): Non-residents are also liable for imputed income tax on their property in Spain. This tax is calculated on the basis of 2 % of the "valor catastral" (rateable value) of the property. The tax rate is 25 % of the taxable base.

Income and Wealth Taxes are payable in arrears, for example the tax due from the tax year 2004 is paid in 2005, before the 31st December.

Impuesto sobre Incremento de Patrimonio (Capital Gains Tax): Non-residents pay capital gains tax of 35 % on profits arising from the sale of their Spanish assets. The tax is based on the difference in the value of the property when it was purchased and the value at its sale. As a general rule, the authorities require that buyers from non-resident sellers deposit 5 % of the purchase price with the Spanish Tax Authorities.

We suggest property owners to appoint a Fiscal Representative who will undertake on behalf of the tax payer all dealings with the Spanish Tax Authorities.