

What taxes are there in Spain?

Taxes in Spain differ from the UK in three main ways.

In Spain there is a wealth tax.

Depending on age and residential status, there is capital gains tax on the sale of the main home.

There is no exemption to inheritance tax between spouses and civil partnerships.

Non-Residents:

Income Tax (Renta) is paid on Spanish income, with no deductions or allowances, and also on the own use of your property, based on the rateable value.

Wealth Tax (Patrimonio), based on the Escritura, (deeds of the property), value of your property in Spain with no allowances.

Capital Gains Tax at a rate of 18% of net profit. Gains from assets held for less than one year are treated as income tax and taxed accordingly.

If selling a property, 3% of the new declared Escritura value will need to be deposited with the Hacienda as an advance payment of any Capital Gains Tax on the sale. Any refund will need to be applied for and can take quite some time to be repaid.
Non-residents cannot roll-over the gain into a new home.

Succession Tax (inheritance or Gift Tax) on Spanish property.

Residents:

Income Tax (Renta) on all income received worldwide, with allowances.

Wealth Tax (Patrimonio) on property, with allowances.

Capital Gains Tax at a rate of 18% of net profit. Gains from assets held for less than one year are treated as income tax and taxed accordingly. For property, there is up to 100% roll-over relief on your main residence if the gain is re-invested in the new main residence within two years of the sale. If only half the gain is re-invested, then half is taxable. If you are 65 years or over and have lived in your main residence for over three years and are Spanish tax-resident, the gain is tax-free and there is no need to buy a new property to claim roll-over.

Succession Tax (Inheritance or Gift Tax) on worldwide inheritance or gifts, with some allowances.

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Michael and other members of the firm provide independent advice on all matters regarding expatriate financial issues. The areas of specialisation include retaining the confidentiality of finances, through specialised tax planning structures, Portfolio Management, Offshore Strategies, Investment Advice, Trust Arrangements, and Retirement Planning.

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