

# What you Need to Know about Taxes in Spain

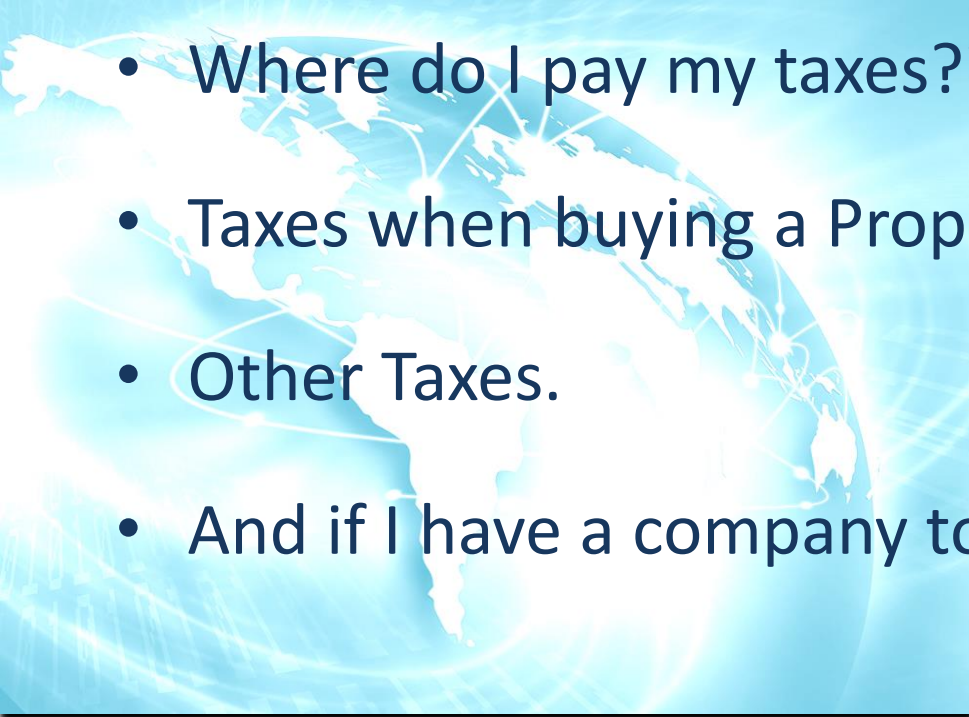


FRANCISCO J. URBANO  
ECONOMISTAS

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# Topics

- NIE and Tax Registration.
- Concept of "Tax Residence".
- Where do I pay my taxes??? Double Taxation Agreements
- Taxes when buying a Property.
- Other Taxes.
- And if I have a company to buy a property???



# NIE and Tax Registration



# NIE and Tax Registration

The **NIE** (foreigner identification number) issued by the Police.

After this process, you must register at the Tax Office.

The **NIE** is necessary, because they will ask us to open a bank account, buy a property, shares in a company, ...

What do we need to request it???

- Power of attorney
- Notarized copy of the passport / identity document.

# Concept of "Tax Residence"



# Concept of "Tax Residence"

It is understood that a **natural person** has their habitual residence in Spain when any of the following circumstances occur:

- Staying in Spain for more than 183 days during the calendar year.
- That the main nucleus or the base of his economic activities or interests reside in Spain, directly or indirectly.

Tax residence is accredited by a certificate issued by the competent Tax Authority of the country in question.

A person can have a residence permit or administrative residence in a State and not be considered a tax resident there.

# Concept of "Tax Residence"

## Fiscal Residence of Legal Entities

An entity will be considered resident in Spain when it meets any of the following criteria:

- That it had been constituted in accordance with Spanish law.
- That it has its registered office in Spanish territory.
- That it has its effective management headquarters in Spanish territory.

# Where do I pay my taxes ???





# Where do I pay my taxes ???

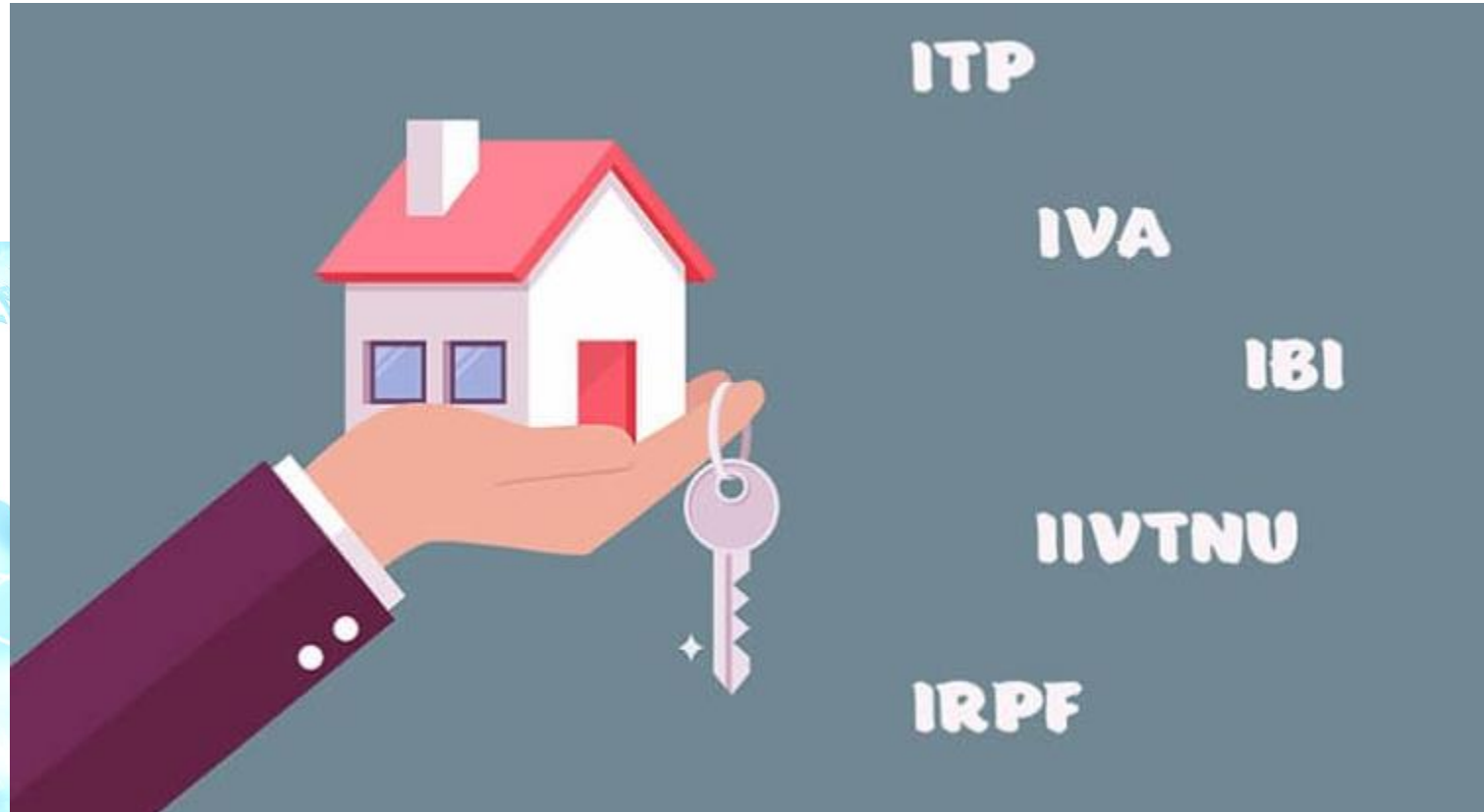
Your taxes will be paid in your Country of Tax Residence.

Although there are certain incomes that will be taxed in the country in which they originate, such as income from real estate, employment income, dividends,...

To avoid Double Taxation, there are Double Taxation Agreements, which have mechanisms to avoid paying "twice".

Each specific case would have to be analyzed.

# Taxes when buying a Property



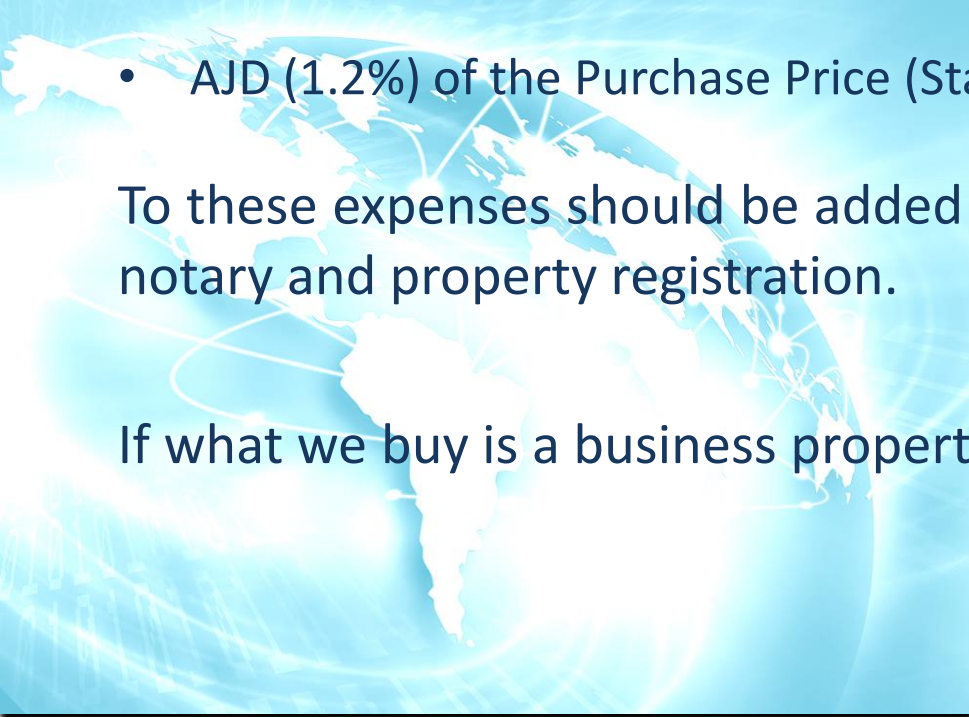
# Taxes when buying a Property

When a new property is purchased, directly from the promoter, in this case two taxes are paid:

- VAT (10%) of the Purchase Price.
- AJD (1.2%) of the Purchase Price (Stamp Duty).

To these expenses should be added the costs of advice and processing, notary and property registration.

If what we buy is a business property or land, VAT is 21%



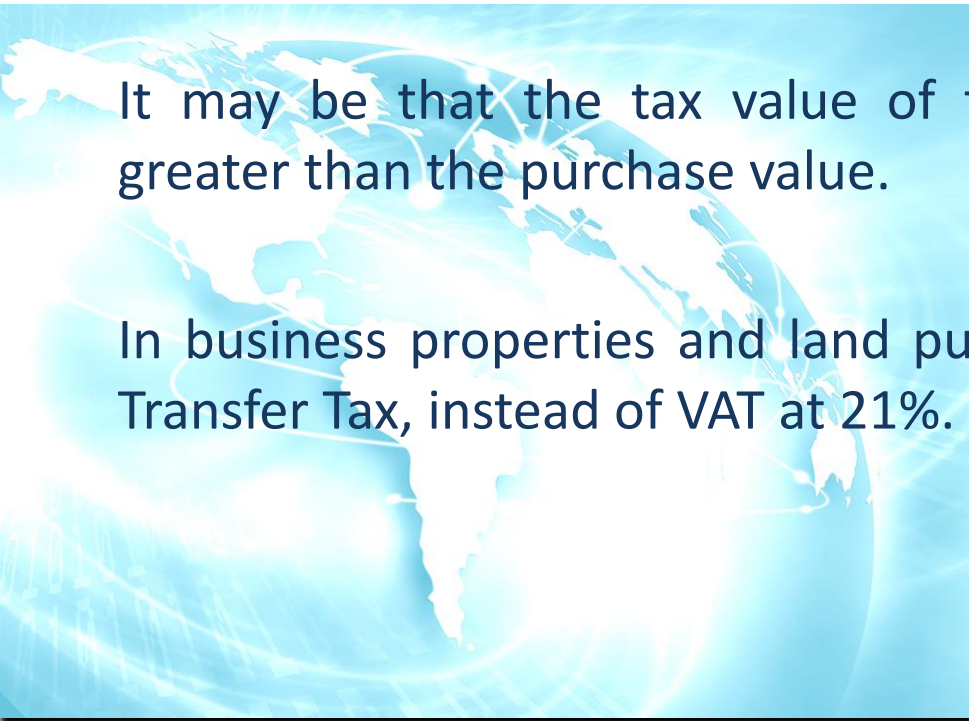
# Taxes when buying a Property

## Second and subsequent transfers of Property.

Transfer tax of **7%** of the value of the property (In Andalucía).

It may be that the tax value of the property (Reference Value) is greater than the purchase value.

In business properties and land purchased from individuals, is 7% of Transfer Tax, instead of VAT at 21%.



# Other Taxes



# Other Taxes

- IBI
- IRNR

- 
- WEALTH TAX
  - HERITANCE TAX
  - DONATION TAX

# Company to Buy a Property ???

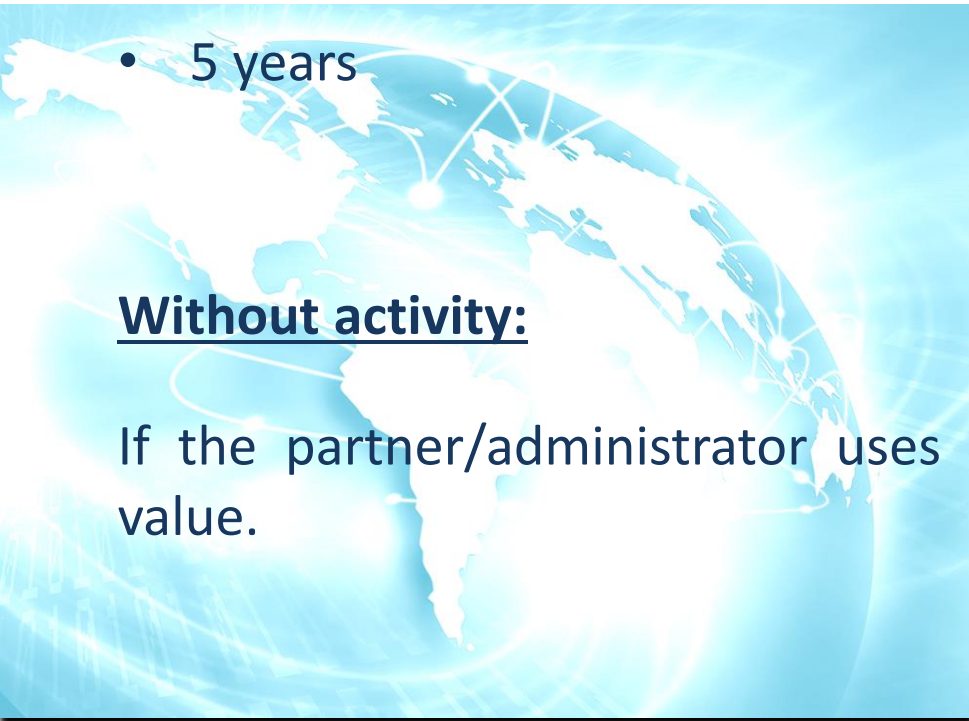
## With activity:

- 2% Tax transmission

- 5 years

## Without activity:

If the partner/administrator uses it, they must pay rent at market value.



# Questions ???





# Francisco J. Urbano y Asociados

Economists and tax advisors

## Offices:

C/ Ntra. Sra. de Gracias nº 3 2º-4 (Marbella)

C/ Antonio Herrero nº 8, 1ºB

[www.urbanoasesores.es](http://www.urbanoasesores.es)

[f.urbano@urbanoasesores.es](mailto:f.urbano@urbanoasesores.es)

Telef. + 34 952 86 43 39 // + 34 606 15 60 22