



## PERSONAL TAXATION IN SPAIN

This is a series of notes about personal taxation in Spain covering

- Personal taxation in Spain – Am I tax resident and do I need to submit a return
- Personal taxation in Spain – rates and allowances
- Double Taxation
- Installing the PADRE system
- Completing and Submitting a tax return (part 1)
- Completing and Submitting a tax return (part 2)
- Completing the Form 210 (for non-residents)

This note covers:

### **Personal taxation in Spain – Am I tax resident and do I need to submit a return**

### **Tax Residence**

You are considered tax resident in Spain if you meet one of the following criteria:

- 1) You are in Spain for more than 183 days in a calendar year.
- 2) Your family, spouse (unless legally separated) and/or dependent children are resident in Spain, even if you are here less than 183 days.
- 3) Spain is the main centre (directly or indirectly) or base of your activities or economic interests, directly or indirectly.

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## **Submitting a Return**

Once you meet the criteria for tax residency, you must submit at least one tax return, and then in subsequent years using the following criteria:

- Earned income already subject to taxation over €22.000 or
- You receive gross income of more than €11,200 which has not been taxed at source or
- If you have more than one source of income and one is more than €1,500 or
- Bank interest and other investment income over €1.600 or
- Rental income €1.000 or
- You are claiming double taxation relief

Returns are submitted between April and June of the following year, and include all your worldwide income during the year. Note, there is no split year concept in Spain; you are either resident or non-resident for the whole year, and income is declarable for the whole year, even if you moved to Spain part way through the year.

Tax due is normally collected within two days the closing submission date. You can opt to pay in two instalments. Note, under Spanish law the Hacienda has 4 years from the date of submission to make any claims or requests concerning your return, so even though they take the tax you have declared, this does not mean they accept and agree with your submission. They may write to you within this period and ask for documentary evidence to verify your return. You are normally given 10 working days from receipt of the letter to provide the evidence.

Note: if the evidence is in English or any other language, it will be necessary to have it officially translated.

## **Advantages**

The main advantage of submitting a tax return is that it establishes your fiscal residency. This is an important step, because fiscal residency is the one way of establishing your residency to be able to take advantage

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of any beneficial allowances for inheritance tax that may be granted by the Autonomous Community where you live.

Another advantage is that if you sell a property that you own, any capital gains that is due will be payable the following year in your normal tax return, rather than having a percentage of the proceeds retained for direct payment to the Hacienda, on account of the tax due. You can also take advantage of the rollover relief that is available if you reinvest in another home.

Finally, it establishes your income levels for assessing your contribution to the co-payments prescription system.

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02/12/13

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