

# Spanish tax return for non-residents

Once a year all non-resident property owners in Spain must file a Spanish tax return with the Spanish tax authorities. If you have sold your Spanish property during the year, you must also submit a tax return.

## Who must file a Spanish tax return?

**Property owners in Spain:** All non-resident property owners in Spain must file an annual Spanish tax return for Spanish income tax.

*This applies regardless of whether the property is owned personally or via a foreign company, and regardless of whether there has been rental income or not.*

The same basically applies to recipients of interest or dividends from Spain.

**Imputed income:** Even if no rental income has been received, Spanish income tax must be declared and paid on the rental value. There is no deduction. The rental value is 2% of the tax value (valor catastral) or 1.1% if the tax value has been revised within the last 10 years.

**Rental income:** Income from rental of real estate must be filed quarterly. EU residents can deduct necessary costs such as interest expenses, electricity, internet, property tax, water, etc. however, only proportionately for the period in which there is rental income.

**Spanish wealth tax:** Non-residents must file a Spanish wealth tax return when:

- Spanish net worth > 700.000 euros.
- Spanish gross worth > 2 mio euros.

## What must be declared?

- Imputed income of real estate
- Rental income
- Wealth
- Dividends
- Capital gain from selling of property
- Capital gain from selling other assets
- Interest (non-EU residents)

**Spanish capital gains:** Non-residents who have sold a property located in Spain can apply for a refund of excessive withholding tax via a Spanish tax return (3% of the sale price must be withheld by the buyer to cover capital gains tax in sale of a real estate).

If the capital gains tax exceeds the withheld 3%, the remaining capital gains tax must be declared and paid to the Spanish authorities.

## Tax rates 2019 and 2020

Capital gains and income are taxed equally, when the taxpayer is resident in another EU country.

Income / capital gain tax rates non-residents	
Year 2019	Year 2020
19%	19%

The wealth tax has its own rates in the order of 0.2% - 3.45% depending on whether the national or local wealth tax rates apply.

Read our *Fact Sheet Spanish Wealth Tax* for further.

## Tax-free capital gains

**Primary residence:** Capital gains deriving from the sale of the primary residence is tax-free, when the seller is older than 65 years. For other age groups, the gain can also be tax-free, if it is reinvested in the acquisition of a new primary residence, even if this is outside Spain, and the sale takes place in an income year where you are not a tax resident in Spain (eg when moving to home country).

**Property purchased in the period 12.05.2012 - 31.12.2012:** The capital gains tax on the sale of real estate purchased in the period 12.05.2012 to 31.12.2012 constitutes only 50% of the applicable capital tax rate at any given time.

## What if no Spanish tax return as non-resident is submitted?

**Penalty:** Failure to file a Spanish tax return will result in a fine of 50% of the unpaid tax. In addition, default interest and an administration fee of 5, 10, 15 or 20%.

If the tax return is submitted before the tax authorities have tried to contact you, the submission is considered to have been made voluntary, with which the fine lapses but not default interest and fee.

## Loss of 3% of the sale price on the sale of real estate:

When selling a property in Spain, the buyer must withhold 3% of the sale price and on behalf of the seller pay the amount to the tax authorities to cover capital gains tax and unpaid taxes for the recent 4 tax years.

The seller can apply for the amount refunded by the tax authorities, provided that the seller has submitted Spanish tax returns and does not owe anything in tax.

Owners of real estate in Spain must therefore remember to submit an annual Spanish tax return.

## Other taxes on real estate

In addition to the taxes mentioned here, a non-resident owner of his real estate in Spain must pay Spanish property tax (IBI) and eventual foreign tax (eg Danish property value tax).

Pay special attention to whether you can deduct the Spanish tax in the tax you pay in your home country.

## Apoint a Spanish tax representative

All non-resident property owners in Spain should appoint a Spanish tax representative to the Spanish tax authorities.

This is done by asking your Spanish tax representative to submit a specific Spanish tax form, in which the address of the Spanish tax representative is registered as the address to which the Spanish tax authorities should contact, if they need to get in touch with you.

*Zafo Law S.L.P. is registered as a Spanish tax representative for a large number of non-residents who own real estate in Spain*

Your Spanish tax representative can also arrange for your Spanish tax return to be filed.

You can read more information about Spanish tax representation in our Fact Sheet on this topic.

## Deadlines 2020-2021

- 20.01.2021 - rental income 4th quarter 2020 + rental without profit for the whole 2020
- 20.04.2021 - rental income 1st quarter 2021
- 20.07.2021 - rental income 2nd quarter 2021
- 20.10.2021 - rental income 3rd quarter 2021
- 31.12.2021 - imputed income 2020 (for the period(s) without rental income in 2020)