

Spanish tax return for tax residents (IRPF) 2020

Scandinavian tax residents in Spain must file a Spanish tax return, regardless of the amount of their income, if they want to deduct Scandinavian tax in the calculation of Spanish tax. The deadline for submitting the Spanish tax return is June 30, 2021.

Who should file a tax return?

In general, no tax return must be submitted when:

- Wage income < 22,000 euros.
- Payer withholds Spanish tax.
- Savings income < 1,600 euros.

The general rules for when you are required to file a Spanish tax return as a tax resident in Spain are rarely relevant to Scandinavians, as a deduction for international double taxation (Scandinavian tax) presupposes that a Spanish tax return has been filed.

Two types of income

In general, there are only two types of income into which all taxable income can be divided. The taxable income can only belong to one of these two types of income:

- Ordinary income, *renta general*.
- Savings income, *renta del ahorro*.

Ordinary income	Savings income
Income from work	Dividends
Income from real estate	Interest
Income from movables/rights	Capitalization operations
Income from business activity	Life/disability insurance
Accrued/fictitious income	Other capital income
Unproven capital gain	Capital gain and loss

Income and capital gain specifically considered ordinary income

The ordinary income also consists of income that has the character of fictitious income or which due to lack of documentation of a real business activity is not accepted as savings income.

- Income from secondary home for period without rental.
- International tax transparency (income acquired indirectly through a company structure).
- Collective investment funds in a tax haven.
- Ownership, declaration and acquisition of assets and rights that do not correspond to disclosed income and assets, for example via Form 720 on the declaration of assets outside Spain.

Personal deductions

When calculating the total taxable income, a personal allowance is given depending on the taxpayer's personal and family situation.

Personal deductions	Euro
Personal deduction < 65 years	5,550
Personal deduction > 65 years	6,650
Personal deduction > 75 years	6,900
Child deduction per child	2,400 - 4,500
Disability rate 33%-65%	3,000 - 6,000
Disability rate > 65%	9,000 - 12,000

Other deductions in ordinary income

Deductions are given for contributions to pensions, social security and (families') joint tax return.

Tax rates for ordinary income

The total tax rate consists of the national and regional tax rate.

Tax rates ordinary income 2020 euro (national)

Income	Tax	Interval	%
0	0	12,450	9.5
12,450	1,183	7,750	12.0
20,200	2,113	15,000	15.0
35,200	4,363	24,800	18.5
60,000	8,951	hereafter	22.5

Tax rates ordinary income 2020 euro (Madrid)

Income	Tax	Interval	%
0	0	12,450	9.0
12,450	1,121	5,257	11.2
17,707	1,709	15,300	13.3
33,007	3,744	20,400	17.9
53,407	7,396	hereafter	21.0

Tax rates ordinary income 2020 euro (Andalusia)

Income	Tax	Interval	%
0	0	12,450	9.5
12,450	1,183	7,750	12.0
20,200	2,113	7,800	15.0
28,000	3,283	7,200	15.9
35,200	4,428	14,800	18.8
50,000	7,210	10,000	19.1
60,000	9,120	60,000	23.1
120,000	22,980	hereafter	24.3

Documentation

Spain receives information on Scandinavian income, and if it does not match the amounts that have been submitted, you will receive a request for submission of documentation.

In Spain, the language is Spanish, and therefore only documentation translated into Spanish can be expected to be accepted.

Special deductions

The special deductions are given in the calculated tax and they are therefore particularly attractive.

- **Business angel:** Deduction of 30% of an investment of up to 60,000 euros in a start-up. The investor must have less than 40% of the shares to be retained for a least 3 years and a max. of 12 years.
- **International double taxation:** A deduction is given for paid foreign tax corresponding to what should have been paid in Spanish tax on the income with the effective average Spanish tax rate.

The autonomous regions can set their own special deductions, and there are a large number of these.

Tax rates for savings income

Tax rates savings income 2020 euro (National + Andalusia)

Income	Tax	Interval	%
0	0	6,000	19
6,000	1,140	44,000	21
50,000	10,380	hereafter	23

Example of calculation of tax on savings income:

Of a taxable savings income of 40,000 euros, the income tax amounts to 1,140 euros of the first 6,000 euros, and 21% of the following 34,000 euros.

The tables of ordinary income are read in the same way.