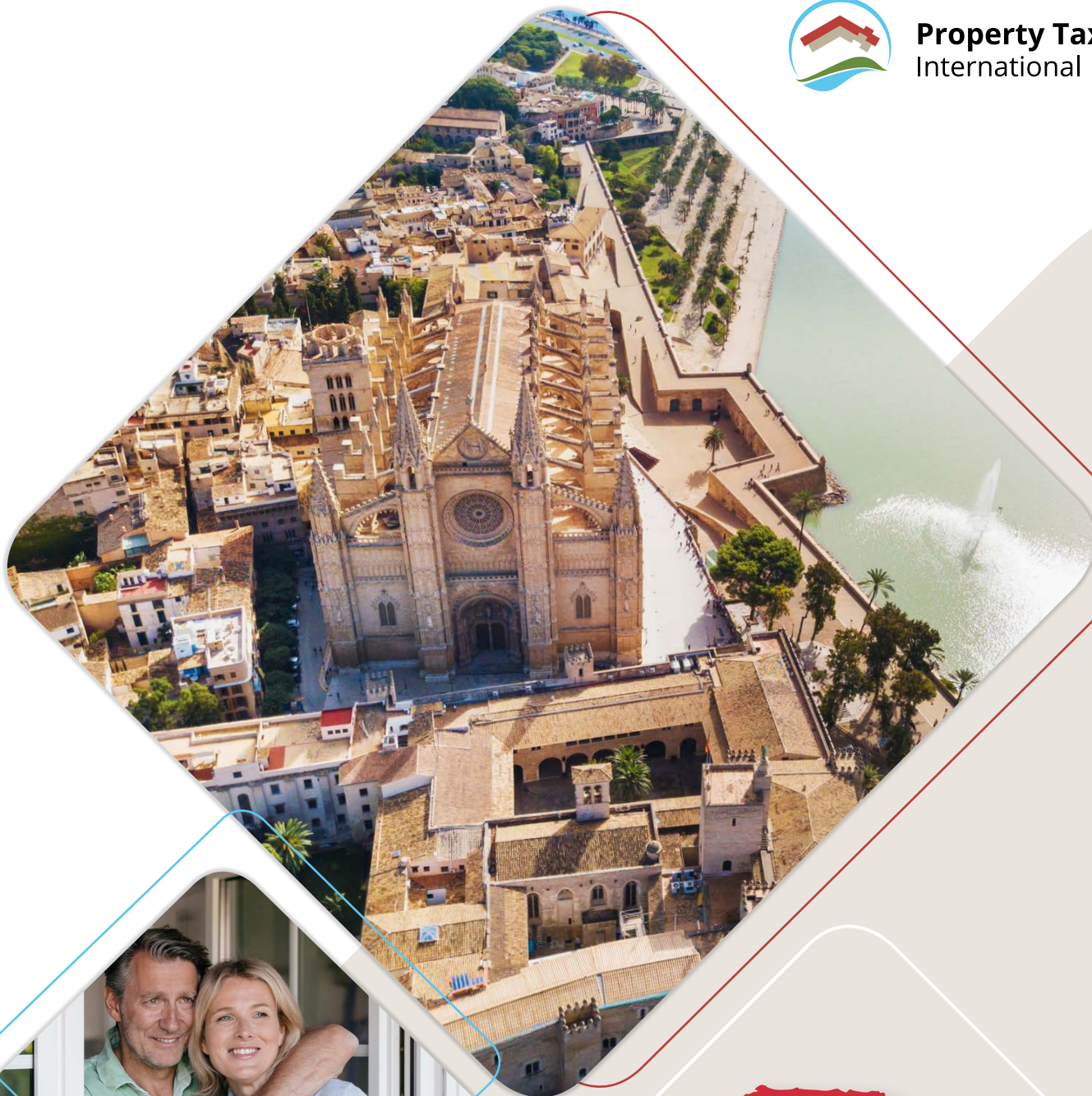




Property Tax
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THE ULTIMATE TAX GUIDE FOR NON-RESIDENT LANDLORDS WITH PROPERTY IN SPAIN

Introduction

If you are a foreign investor thinking about buying or selling a property in Spain, this is possibly one of the best times in decades to do it.

Many thought the pandemic would be devastating for the real estate market, but the number of people wanting to buy Spanish real estate has increased.

Spain's enticing beauty and climate have stolen many hearts over the centuries thanks to its year-round sunshine, a magnificent coastline with amazing beaches, a relaxed lifestyle, and a lower cost of living when compared with many other European countries.

The location of the country is beneficial too. Close to Portugal and France, it is just a short flight from the UK, Italy, Germany, and North Africa.

The thriving tourism industry and a well-developed economy are factors that are paying off in Spain's favor.

In fact, according to the **World Tourism Organization data**, it is the third most visited country in the world following the United States and France.

All these factors lead to a boost in interest from local and foreign investors. Prices are on the rise with a stable trend up in the coming years. Demand for Spanish properties is high, both to purchase and to rent out to holidaymakers and workers.

So, if you're looking to make a profit from offering your property on Airbnb, or securing your savings with good interest, Spain has all the potential you are looking for.

In this guide, you will find what a non-resident needs to know about Spanish property income taxes and the tax filing deadlines.



What taxes should I pay when I buy a property in Spain?

Buying a property entails paying various taxes ranging from 8% to 11.5 %, depending on whether the house is newly built, or the property has already been owned by another person, which is known as a resale.

As a non-resident in Spain, you must pay Income Tax (including Capital Gains Tax), Property Tax, and a Non-resident Property Tax.

IF YOUR PROPERTY IS NEW

When you buy a new-build property in Spain, you must pay two taxes:

- **VAT (IVA in Spanish) is a 10 % tax applied on the purchase price. For example, if you buy a new-build property in Mallorca for €950,000, you must pay €95,000 in VAT.**
- **Stamp duty (legal documentation tax / AJD in Spanish) is set at 1.5 % of the sale price. In the case of the abovementioned villa, you would have to pay €14,250 in AJD.**

IF YOUR PROPERTY IS RESALE

Transfer tax (Impuesto de Transmisiones Patrimoniales/ITP in Spanish) is the only tax you will have to pay on resale property purchases.

The amount owed is determined by the property's value and is calculated on a sliding scale.

WHAT OTHER FEES SHOULD I PAY WHEN I BUY PROPERTY IN SPAIN?

Some of the fees you will need to pay include:

- land registry fees
- notary fees
- real estate agent costs
- legal fees
- gestoria fees
- banking costs
- mortgage fees

WHY DOES SPANISH RESIDENCY STATUS MATTER?



Non-residents are taxed only on their earnings from Spanish sources. No taxes on your worldwide income.



You are a non-resident if you spend less than 183 days in Spain each year.



If you are a foreigner who owns a rental property in Spain, and you are earning a rental profit, you are required to submit an income tax return.



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I ALREADY OWN PROPERTY IN SPAIN. DO I NEED TO FILE AN ANNUAL PROPERTY TAX RETURN?

Yes. If you are a non-resident and your property is rented out in Spain, you are required to make a tax declaration for each quarter in which you have rental income (quarterly tax returns).

If the property is not rented out, non-residents must submit a **Spanish deemed tax return**.

If the property is rented out for only part of the year, then you need to submit a quarterly tax return for the period it was rented out, and a deemed tax return for the period the property was empty.

Property Tax International (PTI Returns) can help you file your Spanish property tax returns, claim your eligible property expenses, and save on property taxes.

[**FILE YOUR SPANISH PROPERTY TAX RETURN with PTI Returns**](#)





What you need to know about tax if you rent out your Spanish property

The rental income tax in Spain is different for tax residents and non-residents. The distinction is in the tax rates, rental property tax deductions, and the frequency of declaring your income.

However, **both residents and non-residents must file a tax return in Spain for all rental income.**

As mentioned above, if you are a non-resident and rent out your home in Spain, you must [file a tax declaration for each quarter](#) in which you receive rental revenue.

Non-residents are liable to the flat non-resident Income Tax (*IRNR, Impuesto Sobre la Renta de Personas No Residentes*), which is a 19% flat tax rate if you live in an EU or EAA country.

If you are not a resident of the EU or EAA, the flat tax rate is 24%.

As we already discussed, you must file a [deemed tax return](#) if your property is not rented out.

If you want to know more, check out our non-resident property taxes guide.



Can any deductions be made to reduce tax liability? How can I save on property taxes?

If you own a rental house, apartment, or office space, you might be able to save on taxes. EU citizens are entitled to deduct expenses from their net income in order to reduce their tax liability. A Residency Certificate will be required in order to deduct expenses.

EXAMPLES OF SPANISH PROPERTY TAX ALLOWABLE EXPENSES:

Note: The expenses are pro-rated as per the number of days the property is rented, except bank charges, management & letting agent fees.

- Mortgage Interest (excluding capital element which is not allowable)
- Bank charges
- Local rates
- Management fees
- Letting agent fees
- Insurance
- Running costs
- Cleaning
- Maintenance and improvement costs
- Building and Furniture depreciation /Capital allowances

If there is no residency certificate enclosed along with the tax return, no expense deductions can be made in favor of the landlord.

Property Tax International (PTI Returns) can help you file your Spanish property tax returns, claim your eligible property expenses, and save on property taxes.

[REQUEST A CALLBACK FROM OUR TAX TEAM](#)



WHEN ARE THE SPANISH PROPERTY TAX RETURN SUBMISSION DEADLINES?

Non-resident property owners must file four rental income tax returns each year. Each deadline falls on the 20th after the end of the previous quarter. In other words, the deadlines are:

- Quarter 1 - 20 April**
- Quarter 2 - 20 July**
- Quarter 3 - 20 October**
- Quarter 4 - 20 January**

It is also possible for EU residents to submit a 'total year' tax return if they have made a loss or have not generated any income during the quarter.

Note: If the real estate is rented for 200 days, for example, a [deemed tax return](#) must be filed for the rest of 165 days in addition to the quarterly rental property income tax returns.

CAN I FILE ALL AT ONCE, RATHER THAN 4 SEPARATE TAX RETURNS?

No, if any rental income is received during the quarter, a quarterly income tax return has to be filed and payment of the tax due has to be paid before the deadline.

If there is no income tax due, there is no need to file a quarterly tax return for the relevant quarter. If the property is not rented during the year, only one annual deemed tax return has to be submitted.



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WHAT HAPPENS IF I MISS A PREVIOUS TAX FILING DEADLINE?

Paying tax on rental property in Spain is mandatory. If you miss a filing and payment deadline you may incur fines or penalties, as below.



Property Tax International (PTI Returns) can help you file your Spanish property tax returns. You won't have to worry about Spanish tax deadlines anymore. It's our responsibility.

[SEE OUR SPANISH PROPERTY TAX SOLUTIONS](#)

Should I be registered for Spanish tax in order to submit returns?

When you purchased your property it is likely that you were assigned a foreigner's ID number (NIE).

In other words, in most cases, property owners will already be registered for tax.

What is deemed tax? How is deemed tax calculated?

Spanish deemed income tax for non-rented properties

If you do not rent out your property in Spain, as a non-resident you are obliged to pay deemed income tax and file a deemed tax return.

The deadline for a deemed tax return is 31st December following the end of each tax year.

This is income tax on the “imaginary” rental income that you have on the property and is calculated in reference to the cadastral value (*valor catastral*) of the property.

The taxable amount is, in general, from 1.1% to 2% of the cadastral value of your property, depending on the year of the last update.

So, for instance, if your property cadastral value is €50,000 then the annual tax payable for the tax year 2021 is €105.

If the property is rented for only part of the tax year – deemed tax will be calculated only for the period in which the property is not let.



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I AM A JOINT OWNER OF A PROPERTY. DO BOTH OWNERS NEED TO SUBMIT MORE THAN ONE RETURN?

Yes, each joint owner of the property is required to submit a separate return.

WHO CAN HELP ME DEAL WITH MY SPANISH PROPERTY TAXES?

No one wants to pay more tax than they have to.

If you own a rental house, apartment, or office space out of your country, you might be able to save on taxes.

Do you feel overwhelmed and stressed by the prospect of dealing with tax papers?

What's more, with the assistance of an experienced tax expert, you will be able to claim all the tax credits and deductions applicable to your personal circumstances.





We are here to help you!

Property Tax International's tax specialists can help you file your Spanish tax return online and claim your refund.

Why choose PTI Returns (Property Tax International)?

- » **Save time and stress** - Our property tax specialists will handle all the tricky Spanish tax paperwork
- » **Peace of mind - PTI Returns is part of Clunetech.** We have more than 25 years of experience in international tax, and we will keep you compliant with the Spanish tax authorities
- » **Convenient service** - Our service is online
- » **Your questions answered** - If you have any questions that we did not answer, you can request a free callback from our tax experts
- » **No language barrier** - Our tax experts will deal with language barriers and with the local Spanish tax office

You cannot avoid property taxes but you can save time, stress, and money with our help.

[Contact Property Tax International today for a free no-obligation consultation](#)



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