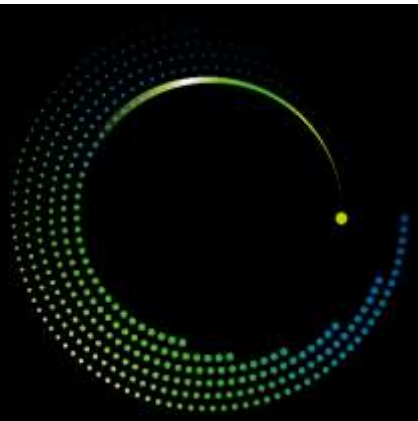
Deloitte.

International Tax
Spain Highlights 2025

Updated January 2025



Recent developments

For the latest tax developments relating to Spain, see Deloitte tax@hand.

Tax regimes: The Basque and Navarra regions of Spain have their own tax systems, so the rules governing their taxes (including corporate income tax, individual income tax, etc.) may differ from the general domestic rules that are covered in these Highlights. These Highlights cover only the general domestic rules that apply outside of the Basque and Navarra regions.

Investment basics

Currency: Euro (EUR)

Foreign exchange control: In general, foreign exchange controls do not apply, but the government requires prior notification of certain capital movements under anti-money laundering and terrorism financing regulations, for statistical purposes and to curb tax fraud. In addition, certain investments in Spain are subject to authorization or administrative control. Payments for services between residents and nonresidents, whether in EUR or a foreign currency, should be made by entities registered with the Ministry of Economy (and certain formal obligations should be fulfilled).

Accounting principles/financial statements: IAS/IFRS, as adopted in Spain, applies. Financial statements must be prepared annually.

Principal business entities: These are the public limited company (SA), limited liability company (SL), and branch of a foreign company.

Corporate taxation

Rates	
Corporate income tax rate	25% (in general)
Branch tax rate	25% (in general), plus 19% tax on after-tax profits remitted to foreign head office (if applicable)
Capital gains tax rate	25% (in general)

Residence: A company is resident in Spain if it is incorporated under Spanish law, it has its registered office in Spain, or its place of effective management is in Spain. The comments in this section ("Corporate taxation") refer exclusively to resident companies (with the exception of "Basis," below).

Basis: Resident companies are subject to corporate income tax on worldwide income. Nonresident companies with no permanent establishment (PE) in Spain are taxed only on Spanish-source income, subject to the provisions of an applicable tax treaty. Branches generally are taxed in a manner similar to subsidiaries, except for certain special rules.

Taxable income: Taxable income includes worldwide profits (with no distinction made between ordinary business income and any other type of income) less deductible expenses, and is based on the income disclosed in the individual company's financial statements. Some expenses are not considered deductible for tax purposes (e.g., restrictions may apply to the deductibility of financing expenses, certain provisions, certain employee benefits, penalties).

A capitalization reserve, aimed at strengthening an entity's net equity position by keeping retained earnings generally undistributed for a three-year period, allows a reduction in taxable income equal to 20% of the increase in qualifying net equity, provided certain conditions are fulfilled. If certain conditions related to increasing employment and maintaining the increased level of employment (for three years) are fulfilled, the reduction percentage may be up to 30% of the increase in qualifying net equity. In any case, the tax incentive claimed may not exceed the limit of 20% (25% in the case of small companies) of the taxable base for the fiscal year. The reduction percentage, requirements, and limits were more restrictive prior to fiscal year 2025.

Rate

General

The general rate of corporate income tax is 25%. Special rates may apply in certain cases (e.g., banks and certain companies in the hydrocarbon sector are subject to a 30% rate; small companies, companies whose net turnover did not exceed EUR 1 million during the previous tax period, and tax-protected cooperatives may benefit from reduced tax rates; newly incorporated entities are subject to a 15% rate in certain cases).

A temporary tax may apply on net interest income and commission fee income of certain financial institutions; see "Other" under "Other taxes on corporations and individuals," below.

Surtax

There is no surtax.

Alternative minimum tax

An alternative minimum tax regime applies to taxpayers that had net turnover in the prior year of at least EUR 20 million or that are part of a tax consolidated group.

The minimum tax generally is calculated as the lower of (i) 15% of the taxable base, and (ii) the amount resulting after deducting certain tax credits and foreign tax credits from 25% of the taxable base (provided the relevant company is subject to the 25% general corporate income tax rate; otherwise, the rates may differ, e.g., in the case of credit institutions and certain entities in the hydrocarbon sector, the relevant rates are (i) 18% and (ii) 30%). The minimum tax regime is not applicable to some types of entities, e.g., Spanish real estate investment trusts (SOCIMIs), SICAVs (capital

investment companies), pension funds. There are also other special provisions or exceptions that may apply (e.g., regarding certain Canary Islands tax benefits).

Global minimum tax (Pillar Two)

The EU "Pillar Two" directive, which aims to establish a global minimum level of taxation of 15% for multinational enterprise groups and large domestic groups, has been transposed into Spanish law and is applicable to large groups with annual consolidated revenue of at least EUR 750 million in at least two of the four fiscal years preceding the reference year.

Spain's implementation of the EU Pillar Two directive includes a supplementary tax, which is referred to as the "top-up tax," the income inclusion rule (IIR), a tax that is intended to be a qualified domestic minimum top-up tax (QDMTT), and the undertaxed profits rule (UTPR). Generally, the new tax regime is effective for fiscal years beginning on or after 31 December 2023, although specific deferred application provisions are included for the UTPR.

Taxation of dividends: Dividends received are subject to corporate income tax but may be exempt in certain cases, so that, in practice, only 5% of qualifying dividends is taxable under certain conditions (see "Participation exemption," below).

Capital gains: Capital gains are included as part of taxable income. A tax exemption is available for capital gains derived from the transfer of shares if certain requirements are met, so that, in practice, only 5% of qualifying capital gains is taxable under certain conditions (see "Participation exemption," below).

Losses: Net losses may be carried forward indefinitely (as "carried-forward losses" (CFLs)). The carryback of losses is not permitted.

CFLs generally may be offset against up to 70% of the taxable base prior to the reduction corresponding to the capitalization reserve. The limit is 50% for taxpayers whose turnover in the previous 12-month period was at least EUR 20 million but less than EUR 60 million, and 25% for taxpayers whose turnover in the previous 12-month period was at least EUR 60 million. However, CFLs not exceeding EUR 1 million may be offset without limitation in any case. The limitation also may not apply in dissolution situations under certain circumstances, or where CFLs are used to offset taxable income in certain debt restructuring transactions, among other cases.

Additional restrictions may apply if there has been a change in ownership.

See "Consolidated returns" under "Compliance for corporations," below, for a temporary measure relating to tax losses of companies belonging to a tax consolidated group.

Foreign tax relief: Resident taxpayers are granted a tax credit for foreign direct taxes incurred that are similar to the Spanish corporate income tax. The credit is limited to the lesser of the tax liability that would have been payable in Spain had the income arisen in Spain, and the actual foreign tax incurred (provided it does not exceed the applicable tax treaty rate). In the case of dividends, it is also possible to deduct underlying taxes (i.e., foreign corporate income tax paid by the entity in which the participation is held) under certain conditions, but the total tax credit (comprising both the relevant withholding tax and the underlying tax) is limited to the tax liability that would have been payable in Spain had the income arisen in Spain. In this regard, only 95% of the dividends is considered for purposes of calculating the hypothetical tax liability in Spain.

The relevant tax credit, calculated as described above, is deductible from the taxpayer's corporate income tax liability. In a case where the tax credit exceeds the annual corporate income tax liability, the excess may be carried forward. For

taxpayers whose turnover in the previous 12-month period was at least EUR 20 million, the total foreign tax relief and domestic tax relief claimed to avoid double taxation may not exceed 50% of the annual corporate income tax liability.

Participation exemption: Dividends and capital gains from shareholdings in Spanish and foreign subsidiaries, in practice, may be 95% exempt from taxation, under certain conditions. To qualify for the participation exemption, among other requirements, a participation of at least 5% in the subsidiary must be held for at least one year (for dividends, the one-year period may be completed after the dividend payment).

Under a transition rule, taxpayers with shareholdings acquired in tax periods beginning prior to 1 January 2021 that had an acquisition value of over EUR 20 million but that do not meet the shareholding percentage of 5% may continue to apply the participation exemption (if the general requirements are met) for dividends and capital gains in fiscal years 2021 through 2025.

For shareholdings in foreign subsidiaries, there are additional requirements that the foreign subsidiary be subject to an income tax similar to the Spanish corporate income tax at a nominal tax rate of at least 10% and not be resident in a tax haven (except in certain cases for EU tax residents). This minimum level of taxation is deemed to be met if the foreign subsidiary is resident in a jurisdiction that has concluded a tax treaty with Spain and is eligible for treaty benefits.

There are several circumstances in which the participation exemption does not apply or applies with restrictions, such as where the payment of dividends generates a tax-deductible expense at the level of the entity paying the dividend, or where the taxpayer elects to apply foreign tax relief for dividends instead of the participation exemption, or, in the case of capital gains, where the taxpayer previously has claimed tax-deductible impairments or financial goodwill deductions that are pending recapture, among other things.

Holding company regime: A special holding company regime (ETVE) operates to allow dividends paid to nonresidents (other than residents in a tax haven) from foreign income qualifying for the participation exemption to be free from withholding tax. See “Participation exemption,” above.

Incentives: Available incentives include a research and development (R&D) and technological innovation tax credit, tax credits for investments in Spanish film or audiovisual productions, and a patent box regime. Under certain circumstances, the limit of EUR 3 million that may be claimed as a cash rebate for the R&D credit is increased to EUR 5 million. The effective use of incentive tax credits may be limited in certain cases due to the minimum corporate income tax regime (see “Alternative minimum tax,” above).

Compliance for corporations

Tax year: The tax year coincides with the accounting period. The tax period may not exceed 12 months.

Consolidated returns: A group of Spanish resident companies may be taxed on a consolidated basis. To qualify as a tax group, a qualifying company (either resident or nonresident) must own at least 75% of its Spanish subsidiaries (or 70% in the case of subsidiaries listed on a stock exchange) and more than 50% of the voting rights in the relevant subsidiaries. Spanish subsidiaries held indirectly through a foreign intermediary company may be part of a consolidated group, as well as Spanish subsidiaries held, directly or indirectly, by a foreign parent (i.e., “horizontal” tax consolidation). PEs of foreign entities may become members of a Spanish consolidated group if certain requirements are fulfilled.

For tax periods starting in 2023, 2024, or 2025 only, as a special measure, only 50% of the tax losses for the period incurred by companies belonging to a tax consolidated group is considered in calculating the taxable income of the tax group (while taxable profits are considered in full). The remaining 50% of tax losses will be carried forward and

considered to offset the taxable income of the tax group in equal amounts for the first 10 tax periods starting as from 1 January 2024, 1 January 2025, or 1 January 2026, respectively.

Dividends, interest, and certain other items of income may benefit from an exemption from withholding tax for companies that are part of a corporate tax consolidated group.

Filing and payment: The corporate income tax return must be filed, and taxes paid within six months and 25 days following the close of the fiscal year. Companies are required to make three advance payments of income tax, in April, October, and December each year, with the final payment made when the annual tax return is submitted. Entities with turnover of at least EUR 10 million in the previous 12-month period generally are required to make a minimum advance payment totaling 23% of their financial turnover (with some exceptional tax adjustments), which may be reduced only by previous advance payments made in the same fiscal year.

Penalties: Administrative underpayment penalties generally range from 50% to 150% of the unpaid tax liability. Specific penalties may be imposed for various infringements of the law. Surcharges are imposed for late payment of tax due where the payment is made voluntarily by the taxpayer without an investigation by the tax authorities. The surcharge is imposed at a rate of 1%, plus an additional 1% for each full month the payment is delayed. After a delay of 12 months, the surcharge is set at 15% and late payment interest will accrue.

Rulings: The tax authorities generally may provide binding advance rulings on the tax consequences of a proposed transaction.

Individual taxation

Rates		
Individual income tax rate (national rate)*	**Taxable income (general tax base)**	**Rate**
	Up to EUR 12,450	9.5%
	EUR 12,450.01–EUR 20,200	12%
	EUR 20,200.01–EUR 35,200	15%
	EUR 35,200.01–EUR 60,000	18.5%
	EUR 60,000.01–EUR 300,000	22.5%
	Over EUR 300,000	24.5%
Investment income (including capital gains) tax rate	Progressive rates from 19% to 30% (in general)	

***The final tax rates are the sum of the national rate in the table above and the regional rate (not included in the table; see "Rates," below).

Residence: Individuals are resident if they spend more than 183 days of the tax year in Spain or if the main center or base of their business, professional activities, or economic interests is in Spain.

There is a rebuttable presumption that individuals are considered tax resident in Spain if their spouse (not legally separated) and/or dependent minor(s) habitually reside in Spain.

The comments in this section ("Individual taxation") refer exclusively to resident individuals (with the exception of "Basis," below).

Basis: Individuals that are residents of Spain are subject to personal income tax on their worldwide income, unless they are subject to a special regime for "inpatriates," as described below. Nonresident individuals are taxed only on Spanish-source income.

The tax base is split into two categories depending on the type of income: ordinary taxable income and investment taxable income.

As noted above, subject to certain requirements, there is a special inpatriates tax regime under which nonresident individuals that become residents in Spain may still be taxed as nonresidents (according to certain rules and conditions) for a maximum period of six years.

Taxable income: Taxable income of individuals includes earned/ordinary income (e.g., salaries, wages, and business or professional income) and passive/investment income (e.g., dividends, interest, and capital gains). In other words, taxable income includes any kind of income or gains, other than inheritances or gifts received, which are subject to the inheritance and gift tax (see "Inheritance/estate tax" under "Other taxes on corporations and individuals," below).

Rates: The final tax rate for taxable income (other than investment income) is the sum of the rate resulting from the national tax rate table above and the regional rate resulting from the table approved by the relevant Spanish region, so the final tax rates may vary depending on the region where the individual is resident. For example, the maximum tax rate for a Madrid resident would be 45% (24.5% national tax rate + 20.5% regional tax rate).

Taxable investment income (e.g., dividends, interest, certain capital gains) is subject to progressive rates of 19% on the first EUR 6,000 of income; 21% on income over EUR 6,000 and up to EUR 50,000; 23% on income over EUR 50,000 and up to EUR 200,000; 27% on income over EUR 200,000 and up to EUR 300,000; and 30% on income exceeding EUR 300,000.

Capital gains: Capital gains generally are included in the investment income taxable base.

Deductions and allowances: Specific expenses are deductible from each type of income. In certain cases, a deduction for mandatory social security contributions is permitted. A 30% reduction may be allowed for certain income derived over a period of more than two years, with certain limits, if specific requirements are met.

Foreign tax relief: Under domestic legislation, resident taxpayers are granted a tax credit for foreign direct taxes incurred that are similar to the Spanish personal income tax. The credit is limited to the lesser of the tax that would have arisen in Spain, and the actual foreign tax incurred. If the foreign tax incurred exceeds the amount provided for under an applicable tax treaty, the credit will be limited to the amount provided for under the treaty.

In certain cases, an applicable tax treaty, which takes precedence over the domestic legislation, provides for a different mechanism to avoid double taxation (e.g., a progressive exemption).

Compliance for individuals

Tax year: The tax year is the calendar year.

Filing status: Married couples may choose to file jointly or separately if both individuals are considered tax residents in Spain under the general tax regime. Family groups, as defined in the law, may choose to file jointly or separately if resident in Spain; EU residents also may elect to file joint returns together with their family group, provided certain conditions are met.

Filing and payment: Individuals must file a tax return, and the filing and payment window generally opens in early April and closes in late June. The minimum annual employment income threshold to file a tax return is EUR 22,000, provided that there are no other income sources. Where the employee has employment income from more than one employer (and no other income sources), the minimum employment income threshold to file a tax return generally is EUR 15,876 (with certain exceptions).

Penalties: Underpayment penalties range from 50% to 150% of the unpaid tax liability. Specific penalties may be imposed for various infringements of the law. Surcharges are imposed for late payment of tax where the payment is made voluntarily by the taxpayer without an investigation by the tax authorities. The surcharge is imposed at a rate of 1%, plus an additional 1% for each full month the payment is delayed. After a delay of 12 months, the surcharge is set at 15% and late payment interest will accrue.

Rulings: The tax authorities generally may provide binding advance rulings on the tax consequences of a proposed transaction.

Other: Resident individuals must report annually the assets they hold abroad when specific limits are exceeded.

Withholding tax

Rates

Type of payment*	Residents		Nonresidents (not operating through a PE in Spain)	
	Company	**Individual**	**Company**	**Individual**
Dividends	0%/19%	19%	19%	19%
Interest	0%/19%	19%	0%/19%	0%/19%
Royalties	0%/19%/24%	7%/15%/19%/24%	19%/24%	19%/24%

* Income other than dividends, interest, and royalties may also be subject to withholding tax, to be determined on a case-by-case basis.

Dividends: Dividends paid to resident companies and individuals generally are subject to a 19% withholding tax. There are some exemptions, such as where the dividend can benefit from the participation exemption regime, among other things. Nonresident individuals and nonresident companies without a PE in Spain are subject to a 19% withholding tax, unless a lower rate applies under an applicable tax treaty or the dividends qualify for an exemption under the EU parent-subsidiary directive.

Interest: Interest paid to resident companies and individuals generally is subject to a 19% withholding tax. There are some exemptions, such as where interest is paid to certain qualifying lenders, e.g., banks. Nonresident individuals and nonresident companies without a PE in Spain are subject to a 19% withholding tax, unless the rate is reduced under an applicable tax treaty or the interest is paid to an EU resident, in which case it is exempt. Interest paid to a resident of the European Economic Area (EEA) also is exempt if the jurisdiction of residence of the recipient exchanges tax information with Spain.

Royalties: The withholding tax on royalties paid to resident companies ranges from nil to 24%, depending on whether the royalties qualify as business income and certain other factors (with 19% being the general withholding tax rate, where applicable). Royalties paid to resident individuals generally are subject to withholding tax at a 19% rate, which may be reduced to 15% in the case of income derived from intellectual property (although a reduced 7% rate may apply in certain cases); a 24% rate applies in the case of royalties relating to image rights. Nonresident individuals and nonresident companies without a PE in Spain are generally subject to a 24% withholding tax (19% if the recipient is resident in the EU, or in the EEA if the jurisdiction of residence of the recipient exchanges tax information with Spain), unless the rate is reduced by an applicable tax treaty or the royalties qualify for an exemption under the EU interest and royalties directive.

Fees for technical services: Payments for technical assistance generally are subject to the same withholding tax treatment as royalties (see "Royalties," above). Fees for services that are paid between resident companies and that qualify as business income generally are not subject to withholding tax. Fees for professional services paid to resident individuals generally are subject to a 15% withholding tax (although a reduced 7% rate may apply in certain cases). The withholding tax rate on service fees paid to nonresidents for services related to business activities in the Spanish territory is generally 24% (19% if the recipient is resident in the EU, or in the EEA if the jurisdiction of residence of the recipient exchanges tax information with Spain), unless a lower rate or an exemption applies under a tax treaty.

Branch remittance tax: The branch remittance tax rate is 19%. The tax applies to after-tax profits paid to a foreign head office, unless the head office is an EU resident or can benefit from a tax treaty and certain conditions are fulfilled.

Other: The general withholding tax rate on income paid to nonresidents is 24% (19% if the recipient is resident in the EU, or in the EEA if the jurisdiction of residence of the recipient exchanges tax information with Spain).

Anti-avoidance rules

Transfer pricing: The transfer pricing rules generally follow the OECD's transfer pricing guidelines. The following transfer pricing methods are permitted: comparable uncontrolled price, resale price, cost plus, profit split, and transactional net margin methods. Taxpayers are required to prepare documentation for related party transactions and to comply with certain reporting obligations. In addition, country-by-country reporting obligations apply for entities and groups with an aggregate net turnover of at least EUR 750 million. Advance pricing agreements are possible.

Interest deduction limitations: Net interest deductions generally are capped at 30% of tax-adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA). However, net interest expense is tax deductible if it does not exceed EUR 1 million per year. Additional restrictions apply for leveraged buyouts and intragroup indebtedness.

Exempt income (e.g., exempt dividends) and nondeductible expenses are excluded from the computation of the tax-adjusted EBITDA.

Controlled foreign companies: Spanish resident taxpayers or Spanish PEs of nonresidents are required to include in their taxable base any income derived by a low-taxed controlled foreign company (CFC) (including both subsidiaries and PEs abroad) where there are no material and personnel resources at the level of the CFC. Additionally, certain types of income (e.g., income from industrial and intellectual property, image rights, technical assistance) are deemed to be passive income and, therefore, subject to the CFC rules even if there are material and personnel resources at the level of the CFC. The CFC rules do not apply where the CFC entity is resident (or the relevant PE is located) in an EEA jurisdiction and carries out an economic activity or where it is a qualifying collective investment vehicle.

Anti-hybrid rules: The Spanish tax legislation includes provisions tackling hybrid mismatches, some of which result from the transposition of the EU anti-tax avoidance directive (ATAD 2). The provisions generally aim to combat hybrid mismatches that may result in a double deduction of expenses in more than one jurisdiction, or a deduction of expenses in one jurisdiction without a corresponding inclusion of income in the other jurisdiction. These types of targeted hybrid mismatches may arise from different characterizations in different jurisdictions of a particular expense, transaction, entity, or set of business arrangements.

Economic substance requirements: There is neither "black letter" law, nor formal guidance in Spain on what would be deemed "appropriate substance." This is considered on a case-by-case basis by the Spanish tax authorities and would be relevant, e.g., when benefits under an EU directive or treaty-based exemptions are claimed, or when analyzing potentially abusive structures.

Disclosure requirements: See "Transfer pricing," above. Other disclosure obligations may apply to certain taxpayers. For example, taxpayers that carry out transactions with parties in jurisdictions classified as tax havens must report the transactions on an annual basis. Certain structures or transactions also may fall within the scope of reportable potentially aggressive cross-border tax planning arrangements under Council Directive (EU) 2018/822 (modifying Directive 2011/16/EU), commonly known as "DAC 6," which follows the mandatory disclosure rules under action 12 of the OECD/G20 BEPS project.

Exit tax: An exit tax liability is triggered for unrealized capital gains on assets under certain circumstances, e.g., where the tax residence of a taxpayer or the assets or business of a PE in Spain are transferred outside Spain. In the case of companies or PEs, the relevant exit tax liability triggered may be paid in five annual installments where the transfer is made to another EU jurisdiction or to an EEA jurisdiction that exchanges information with Spain, under certain conditions. Individuals may benefit from tax deferral or an exemption where exit tax applies, subject to certain requirements.

General anti-avoidance rule: Spain has general anti-avoidance rules that allow the tax authorities to challenge transactions and situations that are considered fraudulent or abusive. The "conflict on the application of the tax rule" provision allows the tax authorities to challenge the tax treatment given by the taxpayer to transactions that, considering the purpose of the parties, can be deemed to have been carried out in an unusual or inappropriate way and that, if compared with a usual or appropriate transaction, do not result in relevant legal or economic differences other than obtaining tax savings. "Sham" transactions (where fraud is committed by intentionally presenting facts other than the true facts, to obtain tax savings) and "tax recharacterizations" (analyzed based on a substance-over-form approach) relating to the legal business carried out by the parties also are covered as part of the overarching general anti-abuse system.

Value added tax

Rates	
Standard rate	21%
Reduced rate	0%/4%/5%/10%

Taxable transactions: VAT is imposed on the sale of goods and the provision of services performed by entrepreneurs/professionals within the Spanish VAT territory (i.e., Spain, except for the Canary Islands and the autonomous cities of Ceuta and Melilla, which apply their own local indirect taxes). VAT also is imposed on the intra-EU acquisition and importation of goods.

Rates: The standard rate is 21%, with reduced rates of 10%, 5%, and 4%. Certain transactions are exempt or zero rated.

Registration: Registration is mandatory for entrepreneurs/professionals that carry out transactions that are subject to VAT in the Spanish VAT territory; such entrepreneurs/professionals are considered taxpayers for VAT purposes.

Filing and payment: Filing and payment are due on a monthly basis in cases where the turnover in the previous period exceeds approximately EUR 6 million and in other specific cases; otherwise, quarterly filing and payment are required. The electronic VAT reporting system (SII) requires the electronic submission via the tax authorities' online platform of billing registries that are part of the VAT ledgers. The information required must be submitted within four calendar days of the issuance of or accounting for each invoice. The SII is mandatory for taxpayers filing monthly returns, those that have applied for the monthly VAT refund regime (REDEME), and those that are part of a VAT group.

Other taxes on corporations and individuals

Unless otherwise stated, the taxes in this section apply to both companies and individuals.

Social security contributions: Contribution to social security is mandatory.

The maximum contribution base for 2025 for an employee contributing to the general social security regime is EUR 4,909.50 per month.

As from 1 January 2025, under the general regime, for an employee whose contract is for an indefinite term, the employer normally contributes 30.57% of the employee's contribution base (23.6% for common contingencies, 5.5% for unemployment, 0.2% for the salary guarantee fund, 0.6% for professional training, and 0.67% for the intergenerational equality mechanism) and the employee contributes 6.48% (4.7% for common contingencies, 1.55% for unemployment, 0.1% for professional training, and 0.13% for the intergenerational equality mechanism).

The employer also is required to make an additional contribution for professional contingencies, depending upon the nature of the employer's activities.

As from 1 January 2025, an additional contribution referred to as the "solidarity" contribution is required where an employee's income exceeds the maximum annual contribution base for the general social security regime. The solidarity contribution applies to the amount of income exceeding the maximum contribution base, at the following rates:

- 0.92% for excess amounts equivalent to up to 10% of the maximum contribution base;
- 1% for excess amounts equivalent to more than 10% and up to 50% of the maximum contribution base; and
- 1.17% for excess amounts equivalent to more than 50% of the maximum contribution base.

The employer contributes 83.39% of the total solidarity contribution, while the employee contributes 16.61%.

Payroll tax: There is no specific payroll tax, but the employer must withhold tax on income from employment, pursuant to the law.

Capital duty: A 1% capital duty generally applies on the reduction of capital and upon the liquidation of a company where there is an allocation to the shareholders of rights and assets. However, incorporation of companies, increases to capital, and equity contributions are exempt from capital duty.

Real property tax: Local tax is imposed annually on real estate, superficial rights, and administrative concessions on a property. The applicable rate (up to 1.3%) applies on the cadastral value and varies depending on the municipality imposing the tax, the category of real estate, and other circumstances.

Nonresident entities that own or hold real property in Spain are subject to a special 3% tax if they are resident in a jurisdiction classified as a tax haven and the property is not used in a business activity other than leasing, among other conditions.

Transfer tax: Companies and individuals pay a 6% transfer tax (which may be increased or decreased (normally increased) depending on the region) on acquisitions from taxpayers that are not VAT payers and on Spanish real estate that is not subject to or is exempt from VAT, including indirect acquisitions in certain cases. The formalization of certain rights is subject to transfer tax at a rate of 1% or 4%, depending on the nature of the rights. Transfers of shares generally are exempt from transfer tax, except under certain circumstances where the target company is considered "property rich" or it can be concluded that the share deal had a main purpose of avoiding the transfer tax that otherwise would have been triggered upon a direct transfer of the underlying real estate assets.

Stamp duty: Stamp duty is imposed at 0.5% of the value of the subject of notarized documents registered in a public register. The tax rate may be increased in different regions and the increased rates for notarized documents generally range between 0.75% and 3%, depending on the region and the type of transaction. Stamp duty on notarized documents is not imposed on transactions subject to transfer tax. Stamp duty may also be imposed on bills of exchange, promissory notes, bonds, and other transferable or administrative documents, under certain conditions.

Net wealth/worth tax: Regions impose net wealth tax on individuals at a rate established by each autonomous region, which generally ranges from 0.2% to 3.5% of the value of property. Wealth tax is not imposed in the Andalucia, Extremadura, and Madrid autonomous regions. Residents are generally taxed on their worldwide net worth, while nonresidents are subject to the tax only with respect to assets or rights that are deemed located in Spain. Nonresident individuals who hold interests in foreign entities are also subject to net wealth tax in Spain if at least 50% of the foreign entity's assets (directly or indirectly) consist of real estate located in Spain. See also "Temporary solidarity wealth tax" under "Other," below.

Inheritance/estate tax: Inheritance and gift tax is imposed where the individuals that are the heirs or donees are resident in Spain or where the inherited or gifted assets are located in Spain. Rates range from 7.65% to 34% (rates in certain regions may be higher) but may be increased if the individuals are not close relatives and depending on the previous net wealth of the heir or donee. The tax also is imposed on nonresidents receiving assets (e.g., estates) located in Spain. Spain's autonomous regions have the authority to increase or reduce the tax burden.

Other

Business activities tax

Business activities tax is charged at a rate depending on several factors, including industry type, number of employees, and size of the premises.

Temporary solidarity wealth tax

Since tax year 2022, a temporary tax has been imposed by the National Treasury (i.e., not by the regions, in contrast to the net wealth tax described above) on individuals with a net worth exceeding EUR 3 million; the tax is expected to be imposed until this is reviewed in the context of a future regional finance system reform. The tax is similar to the net wealth tax generally imposed by the regions and applies in addition to that tax, but the relevant regional net wealth tax liability (if any) is creditable against the temporary solidarity wealth tax. The applicable tax rate is 1.7% for a net worth over EUR 3 million and up to EUR 5,347,998.03; 2.1% for a net worth over EUR 5,347,998.03 and up to EUR 10,695,996.06; and 3.5% for a net worth exceeding EUR 10,695,996.06. The taxable net worth may be reduced by certain allowances. As a general rule, residents are taxed on their worldwide net worth, while nonresidents are subject to the tax only with respect to assets or rights that are deemed located in Spain, according to the net wealth tax regulations.

Tax on net interest income and commission fee income of certain financial institutions

For 2024, 2025, and 2026, a new tax applies on the net interest income and commission fee income exceeding EUR 100 million annually that is derived by a credit institution, a branch of a foreign credit institution, or a financial credit institution.

The "full amount" of the tax is calculated by applying the following progressive tax rates to the taxable base: 1% on the first EUR 750 million; 3.5% on amounts over EUR 750 million and up to EUR 1.5 billion; 4.8% on amounts over EUR 1.5

billion and up to EUR 3 billion; 6% on amounts over EUR 3 billion and up to EUR 5 billion; and 7% on amounts over EUR 5 billion. The net tax liability is calculated by reducing the full amount by 25% of the net amount of corporate income tax or nonresident income tax payable by the taxpayer for the same tax period; proportional rules will apply when the taxpayer is part of a tax consolidated group. In addition, an extraordinary deduction may be applied to the net tax liability under certain circumstances.

The tax is not deductible for corporate income tax or nonresident income tax purposes. The taxpayer must self-assess the tax within the first 20 calendar days of the ninth month following the end of the relevant tax period. An advance payment on account of the final liability generally must be made during the first 20 calendar days of the second month after the end of the tax period; however, the advance payment to be made in 2025 will be due within the first 20 calendar days of the sixth month after the end of the tax period.

Other national, regional, and municipal taxes

There are special indirect taxes imposed at a national level on certain goods or services, as well as other taxes imposed by regions and municipalities. The Spanish regions may create their own taxes (e.g., Catalonia has a special tax on nonproductive assets held by companies).

Tax treaties: Spain has concluded more than 100 tax treaties and agreements. The Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (BEPS MLI) entered into force for Spain on 1 January 2022.

For information on Spain's tax treaty network, visit Deloitte International Tax Source.

Tax authorities: "Agencia Estatal de la Administración Tributaria" is the authority for taxes collected by the state. Regions and other local areas have their own authorities for the taxes that they administer.

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