

When setting up a legal business in Spanish territory, there are some legal obligations which must be completed:

1st. - Registration with the Spanish Tax & Treasury Department. This includes stating the activity of the business, the location, address, etc. This will also dictate which of the tax options is most applicable to your business, in relation to Income Tax and VAT.

There are also tax duties in relation to being employers of staff and professional services.

The N.I.E Number or the company Tax Code are required to effect this.

2nd. - Registration with the National Insurance Department, either as a self-employed worker (in the case of individuals), or as company (Limited Companies, Associations etc). Depending on the legal structure of the business, different documentation must be filed with the relevant authorities.

Once you have set up your business you need to complete the following:

3rd.- Regular Accounts: each individual or Company must complete regular accounts on their business. This means individual accounts for each facet of their business; clients, suppliers, bank accounts, tax duties, expenses and income.

About the V.A.T: the registry, it is the same than the individuals.

4th. - Quaterly, self-employed and individuals must file a return declaring the balance between their incomes and their expenses, from the beginning of the tax year, (from 1st January). If the result are losses, the return still requires to be completed, however no money needs to be deposited.

Companies are not able to file any claim in advance of their annual Income Tax return and must wait until the following year, which corresponds with the year in Which they are paying the Income Tax.

Also, if our business pays employees salaries or professional services, it can retain a certain percentage, relative to the amount paid. Quarterly, this amount needs to be declared to the Treasury Department.