

## GENERAL OBLIGATIONS FOR OWNERS OF A SPANISH PROPERTY

### ✓ WHO IS LIABLE?

A person who is not a resident in Spain and who owns urban property in Spain is, by law, liable to file pay the following three annual taxes:

**Income Tax**  
**Property Tax**  
**Real Estate Tax**

These taxes are obligatory and are not connected to any other taxes that you may pay in your own country. They are based solely on house value and not linked to income in any other country.

When a property is owned by a married couple or more than one person is listed on the title deeds (Escritura), each person is defined as an independent tax payer, which means that an individual tax return must be separately filed by each of the co-owners. However, in the case of the Property Tax (Wealth Tax) each co-owner will be liable for only 50% of the overall amount (or a lesser percentage if owned by more than two people).

### ✓ WHAT IS NEEDED?

#### **Fiscal Identification Number**

This is the individual Foreign Identity Number, **(N.I.E.)**, which is obtained at the General Directorate of Police (or can be applied for at any Spanish Embassy / Consulate in the applicant's own country by completing the relevant form). It is mandatory for all property owners to obtain this Identity Number.

#### **Fiscal Representation**

In the case of the Property (Wealth) Tax, a registered Fiscal Advisor must file the return on behalf of an individual.

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# TAXATION OF NON-RESIDENTS

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## ✓ WHAT DO I HAVE TO PAY?

### 1.- INDIVIDUAL INCOME TAX

Based on property used by the owner(s) as their own dwelling, this tax is based on an estimated income calculated as follows:

- On a general basis it is 2% of the value of the property which appears on the Real Estate Tax receipt, "IBI".
- In the case of property whose value has been modified from January 1, 1994 onwards, the percentage has been set at 1.1%.
- The tax is calculated annually based on property owned on December 31 of each year and paid around June of the following year
- Tax rate: 25%
- The taxable amount is therefore 25% of the estimated income.

### 2.- PROPERTY TAX (WEALTH TAX)

Non residents are required to file a return for this tax on estate owned in Spain on December 31 of each year, whatever the value of the estate.

**Value:** One of the following, whichever is the highest:

- The cadastral value ( land value according to the Townhall ) which appears on the Real Estate Tax receipt, "IBI".
- The price or purchase value.
- The value given by the Administration in an evaluation carried out for other tax reasons.

This is the amount for tax assessment, as long as debts or arrears are not outstanding on the property.

The tax due is calculated by applying the tax scale, ( approved for the corresponding year ), to the base amount.

In the case of more than one person detailed on the title deeds, each person will be liable for a percentage of this tax.

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# TAXATION OF NON-RESIDENTS

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## **3.- REAL ESTATE TAX**

This is a local tax which the local Municipal Council requires for all property owners.

All the property of each municipality is included in a census and a value is assigned, ( land value or Cadastral Value). Based on the cadastral value and on a tax scale established by the municipality, an amount to be paid is obtained.

**Assessment period:** Annually, for each property included in the census, the municipality sends a receipt for the amount due, directly to the property.

**Payment period:** The period for payment varies according to the municipality, but is usually around the months of September, October and November of every year.

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