

TAX DECLARATION FOR NON- RESIDENTS IN SPAIN

Tax Declaration for Non-Residents in Spain:

The Spanish tax system differentiates between the tax obligations of residents and non-residents. Non-residents who either own a holiday property or generate income from rentals, as well as those who through the sale of the property makes profits have to declare their tax obligations using the Model 210.

This article explains in detail who is required to present this tax return, which income has to be declared, which tax rates have to be applied and which deadlines have to be observed.

Who must submit the Modelo 210

Any non-resident who owns a property in Spain, must submit a tax return for non-residents (Impuesto sobre la Renta de no Residentes), even if there is no income from the property. The fictitious self-use value of the Second Homes are taxed as income.

For each property, each owner must submit a separate self-assessment tax return (autoliquidación) using tax model 210. It is important that each owner declares their own part. For married couples who each own 50% of the property, each spouse has to report 50% of the total amount on the tax return.

What income has to be declared?

Various types of income must be declared under Modelo 210, including in particular:

1. Own Use: The fictitious self-use value of the second home is considered income taxable.

The image shows a screenshot of the Spanish tax declaration form Modelo 210. The header includes the Agencia Tributaria logo and contact information, the title 'Impuesto sobre la Renta de no Residentes' (Tax on Income of Non-Residents), and the subtitle 'No residentes sin establecimiento permanente' (Non-residents without permanent establishment). The form is for 'Persona que realiza la autoliquidación' (Person who performs self-assessment). It contains fields for personal data (NIF, name, address), tax status (Contribuyente: S, X, R, P, D, G, T), and tax details (Devengo: X, 1T, 2020; Renta obtenida: 2, 01, 3). It also includes fields for the taxpayer's details (Contribuyente: N.I.F., F/J, name, address, birth date, birthplace, residence address, telephone, etc.) and the representative's details (Representante del contribuyente o, en su caso, domicilio a efectos de notificaciones en territorio español).

2. Income from immovable assets:

This includes basically income from rentals.

3. Income from capital gains:

This refers to profits from the sale of real estate in Spain.

Required documents and information

For the correct creation of your tax return you will need the following documents and information:

Tax return from the previous year (optional). **Property tax receipt (IBI)** from Suma Office for the corresponding tax year. **Escritura** (optional). **Number of owners. Passport or ID Card** of all owners. **NIE number** of all owners. **Tax number of the main residence** (optional). **Address of main residence** (e.g. Great Britain, Austria, Switzerland). **If renting:** Proof of your rental income and associated expenses in Spain.

Tax Rates

The following general tax rates apply

to non-residents in Spain:

- EU Citizens 19%
- NON-EU Citizens 24%

These tax rates are set at 2% the cadastral value (valor catastral) for the case that the last valuation of the property was more than ten years ago. At a more recent valuation they apply just 1,1%.

Tax Calculation

Rental Income:

The rental income is calculated on the base of gross income. Deductible are necessary and verifiable expenses that result directly from the rental. These include maintenance, depreciation, additional costs such as water, electricity, internet, property tax (IBI), building insurance and monthly loan interest. EU-citizens can deduct these expenses from their gross income, while this option is no available to non-EU citizens. The amount to be taxed is therefore the rental income minus the necessary expenses incurred to generate this income.

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Capital Gains Tax:

In the case of property sales, the capital gain is calculated as the difference between the selling price and the purchase price of the property, taking in mind all the related costs. If the profit thus calculated exceeds the amount of the 3% advance tax (retención) already paid, the seller is obliged to pay the difference as capital gains tax within four months of the notarization of the purchase contract. If the profit is less than the 3% prepaid, the seller can request a refund.

In order to further reduce the tax burden, certain costs associated with the purchase or sale can be deducted from the taxable profit. These include notary fees, property transfer tax, costs for entry in the land register, real estate agent commissions, necessary investments in the property and consulting and processing costs. However, these deductible items must be proven by appropriate invoices.

Deadlines

The deadlines for submitting the Modelo 210 vary depending on the type of income. Until 2023 for regular income, such a rental income, the tax return had to be submitted quarterly. The deadline for this was within 20 days of the end of the quarter, i.e. immediately after the quarter in which the property was rented, within the same year.

However, from 2024 a significant change came into force: the deadline for paying taxes on rental income was changed from quarterly to annual. This means that tax payments must now be made within the first twenty calendar days of January of the year following the year in which the income was received, so taxes on rental income for 2024 must be paid between January 1st and 20th, 2025 at the latest.

Notice: Periods that are used by the owner himself (own use of the property) or are not rented out must be declared as fictitious use value in a separate annual tax return in Modelo 210. This tax return must be submitted by December 31 of the following year for the previous tax year.

For one-off income, such as that arising from the sale of a property, the tax return must be submitted within four months of the date of sale.

Conclusion

Understanding the Modelo 210 is crucial for all non-residents who own or derive income from property in Spain. By following the above guidelines and deadlines, the process can be made efficient and error-free.

The Spanish Tax System distinguishes between the tax obligations of residents and non-residents.

However, it is important to stress that the information in this article is not a substitute for individual tax advice. It merely provides an initial overview of the topic. If you have specific tax questions or are unclear, professional tax advice should always be sought. If you are unsure, we recommend that you arrange an appointment so that we can clarify your tax situation. Our team of experts will be happy to assist you and support you in submitting this tax return correctly.



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