



 ARTEMIS

Real Estate Investment

Liberating your savings

A brief introduction on Spanish Real Estate (RE) taxes

Disclaimer

All the information in this presentation should not be considered as tax advice; it is high level guidance on what an investor can expect when investing in Spanish RE. This information should be used to assist in the investors' decision making only.

For those investors who are looking for professional tax advice in Spain, Artemis will happily introduce you to experienced specialists that look after our tax filings.

Key tax considerations when investing in Spanish RE

The list of taxes which individuals and companies that own properties in Spain need to pay

- The stamp duty tax upon the purchase of a property (ITP) at 6-11% depending on the region, or a new properties tax (IVA) at 10%. Both are calculated basis the purchase value
- If a mortgage is required, the mortgage duty (AJD) at 0.5%-2% depending on the region, also basis the purchase value
- An annual property tax (IBI) at 0.4%-1.3% depending on the region, basis the cadastral value
- The income tax on rent received (IRPF) at 19%-24% of rental income minus expenses, depending on nationality
- Soon after the sale of a property, a Capital Gains Tax and Plusvalia on the profit of the investment, starting at 19%



Spain has multiple Double Taxation Avoidance Agreements (DTAA)

- When a DTAA is in place there is certainty on the tax treatment of individuals and companies
- Every DTAA is different so it is important to check individually
- The list of countries in detail [here](#)

An example of tax on a purchase

Property cost	€250,000
Stamp duty (ITP @10%)	€25,000
Mortgage duty (AJD @1%)	€2,500
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Total transaction cost	€277,750



Tax on rental income varies according to owner's residence*

Residents in Spain

- The tax is progressive, according to total income
- Annual filing
- Expenses are deductible (Artemis' fees, IBI, insurance, interest, repairs, building expense, etc)
- A further 60% of taxable income is deductible if the property is tenant's main residence

EU and EEA* residents

- A flat tax of 19%
- Quarterly filing
- Expenses are deductible (Artemis' fees, IBI, insurance, interest, repairs, building expense, etc)
- Refurbishment/decoration expenses are also deductible but over various years

Rest of the world* residents

- A flat tax of 24%
- Quarterly filing
- Expenses are not deductible

However Artemis can help you to optimize...



It is possible to create a company to manage properties

Limited company (SL)

- This option is available to residents and non-residents, but for the latter an administrator who is a Spanish resident is required
- It is possible to have 1 or more directors
- The administrator(s) must pay Social Security
- The costs are ~€2,000 to start and ~€1,200 annually
- The corporate tax rate is 25%

The Artemis view:

We recommend this option to professional investors and/or non-EU/EUA nationals who plan to invest > €1M

Holding company (SP)

- The SP is required to hold more than 50% of the company's value in assets
- It is frequently used to manage inheritance
- It is preferred by investors with long term holding horizon, as selling is penalized with taxes
- The assets are isolated from owners' other activities
- The costs are ~€8,000 to start and ~€1,000 annually
- The corporate tax rate is 25%

The Artemis view:

We recommend this option to Spanish nationals only

Buy & sell company (SI)

- The company's objective is to manage property flipping in a tax efficient way
- The properties must be sold within 5 years after the purchase
- The properties can not be rented
- The costs are ~€2,000 to start and ~€2,500 annually
- The SI benefits from reduced ITP at 3%
- The corporate tax rate is 25%

The Artemis view:

We recommend this option if investors want to constantly buy older properties, refurbish them, and flip them.

Practical examples of rental income tax*

Spanish & resident

Rental income	€24,000
Deductible costs	-€4,500
Depreciation	-€3,500
Taxable income	€16,000
Further 60% deduction**	-€9,600
<i>Net taxable income</i>	<i>€6,400</i>
Tax rate (case by case)	25%
Rental income	€24,000
Tax payment	-€1,600
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Net income	€22,400
<i>Effective tax rate</i>	<i>6.67%</i>

Non-resident EU/EEA

Rental income	€24,000
Deductible costs	-€4,500
Depreciation	-€3,500
<i>Net taxable income</i>	<i>€16,000</i>
Tax rate	19%
Rental income	€24,000
Tax payment	-€3,040
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Net income	€20,960
<i>Effective tax rate</i>	<i>12.67%</i>

Non-resident rest of the world

Rental income	€24,000
<i>Net taxable income</i>	<i>€24,000</i>
Tax rate	24%
Rental income	€24,000
Tax payment	-€5,760
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Net income	€18,240
<i>Effective tax rate</i>	<i>24%</i>

*indicative only

**if applicable, when tenant's main residence

**Reach out to kickstart
your project:**

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