



Spain Country Guide Summary

(Please note: the information within this guide was valid as at 30th September 2017 but is subject to change. Please use the links provided in the full Spain Country Guide to obtain the most up to date information).

Types of business entities in Spain

There are 3 basic ways to perform economic activities in Spain, as may be made by **natural persons** (individual entrepreneurs, professionals or "autonomous workers"), **legal entities** (companies such as anonymous societies -SA-, limited liability societies -SL- , collective societies -SC, SCL, labor societies -SLL-, etc.) or **entities without legal personality** (inheritances and communities of goods).

Accounts and audit requirements for companies

A company must prepare the legal annual accounts and complete and submit a tax return of the company at the end of each tax year. The deadlines are as follows:

	Deadline
Annual Accounts	Until 3 months after the closing date of the exercise.
Deposit of financial statements in the Commercial Register	1 month after the date of approval at the Shareholders Meeting http://www.mjusticia.gob.es/cs/Satellite/Portal/es/areas-tematicas/registros/registro-mercantil
Payment of corporate tax	Until 25 days, after a period of 6 months from the end of the accounting year.

A company does not need to have an audit if the company meets at least 2 of the following criteria:

- An annual turnover of no more than € 5.7 million
- Assets worth no more than € 2.85 million
- Average 50 employees or less during exercise

Tax in Spain

In Spain, the tax authority is the "Spanish tax Administration Agency" (AEAT)
<http://www.agenciatributaria.es/>



Registering a business in Spain

In general, **before starting a business**, a census declaration must be submitted (models 036 or 037) to the Tax Agency. In addition to the identification data indicated activity, this model serves to request assignment of NIF (Tax Identification Number), to communicate regimes and tax obligations respect of income tax, corporate tax, VAT and others as appropriate.

IAE - Economic Activity Tax

IAE is a municipal tax that levy the mere exercise of economic activities in-country. The taxable of the IAE are **natural persons** (autonomous), **legal entities** (companies) and **entities without legal personality** (inheritances and communities of property) that conduct business, professional and artistic activities; except agricultural, dependent livestock, forestry and fisheries activities.

They do not have to file a return with the IAE, among others (exempt subject):
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| <ul style="list-style-type: none"> • Natural persons. • Companies, entities, and taxpayers by IRNR (Income Tax NonResident) with permanent establishment with a net turnover of less than € 1,000,000 prior from the penultimate year prior to the accrual of the tax, generally. |
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In general, **before the end of one month from the beginning of economic activity**, a census declaration, model 840, must be submitted to the Tax Agency.

IRPF - Income Tax

Applicable to entrepreneurs, professionals, and individuals, it taxes the performance of the economic activities of all taxpayers.

IS - Corporate Tax

The IS is a tax levied on the income of companies and other legal entities, residents throughout the Spain. They must file an IS return even if they have not carried out activities during the tax period or not obtained income subject to tax, as a general rule.

The general tax rate applicable from January 1, 2016 is **25%**.

Value Added Tax (IVA)

Value Added Tax (VAT-IVA) is applied to the supply of goods and provision of services in Spain. The VAT rate varies depending on the nature of the goods and services provided. **VAT rates vary from the general (21%) to the reduced (10%) and the super-reduced (4%)**. There are exemptions and special regimes that may impose additional obligations (such as the equivalence surcharge, the FEAG-EGF, or other).

Normally a sole trader must submit a VAT return every 3 months. A commercial company may have a settlement period every 3 months or every month. Settlement is done through the standard model 303 and its annual summary is done through the model 390.

Excise duties, other tax obligations (withholdings) and informative statements

For certain cases (manufacturing of alcohol and alcoholic beverages, hydrocarbons, tobacco, the circulation of these products, coal, certain means of transport) there are specific taxes and environmental issues. It is important to consult the relevant regulations if an activity is to be carried out in these areas.



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On the other hand, economic activities can generate incomes from work or activity on which withholdings must be applied and payments made on account (models 111 and 190 annual summary). In the case of the leasing of immovable property, withholdings and earnings should be notified to the Tax Office by means of models 115 and annual summary 180. And in terms of movable capital, models 123 and the annual summary 193 are used.

Individual entrepreneurs and companies are obliged to present the annual model 347 when, in relation to third parties, they have carried out annual operations which together exceed € 3.005,06.

All tax procedures can be done online through the services of the Tax Agency: https://www.agenciatributaria.gob.es/AEAT.sede/en_gb/Inicio/Inicio.shtml. Many taxes can now only be processed electronically.

