



## GES NewsFlash

### Spain — Spanish Wealth Tax Update

September 22, 2011

#### Royal-Decree Law 13 of September 16, 2011, temporarily restores Spanish Wealth Tax

Spanish Royal-Decree Law 13 of September 16, 2011, temporarily reintroduces Spanish Wealth Tax with effects from January 1, 2011 until December 31, 2012.

#### Background

Spanish Wealth Tax was in force from 1991 until 2007 inclusive, when the Spanish government introduced a 100 percent discount in the wealth tax quota for all taxpayers, i.e., the Spanish wealth tax did not actually disappear, but was, in fact, suppressed for an unlimited period.

The necessity to stabilize the financial situation in Spain derives from the adoption of new tax measures to increase the country's income. Thus, last September 16, the Spanish government published the aforementioned Royal-Decree Law whereby a new disposition was added to the old 1991 Spanish Wealth Tax Act.

#### Spanish Royal-Decree Law restores the Spanish wealth tax

Main aspects/changes:

- Wealth Tax would only be applicable for 2011 and 2012 (the corresponding wealth tax returns would be filed in 2012 and 2013).
- A substantial modification was made with the introduction of a higher tax limit, whereby the taxpayer's habitual home would not be taxed for wealth tax purposes. This new limit amounts to Euro 300,000 (in the past, the limit was Euro 150,000).
- Another modification was made with the introduction of a higher tax limit in respect to the taxpayer's "personal exemption." With effects from January 1, 2011, individuals whose wealth is below Euro 700,000 would not be liable for the wealth tax. In the former regulation, the limit was below Euro 108,182.
- It would be necessary to appoint a fiscal representative (either an individual or legal entity, but with Spanish tax residency status) for wealth tax purposes when a non-tax Spanish resident taxpayer operates in Spain through a permanent establishment or when the Spanish Tax Authorities specifically require the fiscal representative to take into consideration the economic circumstances of the taxpayer.
- The obligation to file a Spanish wealth tax return not only arises for individuals whose wealth tax return shows a tax quota due, but also for those individuals whose overall wealth exceeds Euro 2,000,000, regardless of the resulting tax quota.

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- Since the Spanish wealth tax may be regulated by the different Spanish autonomous communities, it is important to note the different regulations that each Spanish autonomous community may apply.

### Deloitte's view

- Assignees thinking of moving to Spain should be aware of the reestablishment of Spanish Wealth Tax, since it applies to Spanish tax residents, nontax residents, and those individuals subject to the special tax regime for inbounds. However, the extent and limits of the wealth tax would vary in each case.
- In the case of assignees with a net pay policy agreement, employers should be aware of the Spanish wealth tax in order to consider the assignment's costs.

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### People to contact

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