

# Country Information: Spain

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## **1. I worked in Spain and paid taxes. Do I file a tax return?**

Everybody who works abroad has to pay income tax. Under certain conditions, you can refund some of the taxes you (your employer) paid. There are many aspects influencing your final refund. It can also be the case that you owe some taxes and no refund is granted. Spain has complicated tax laws and therefore checking each individual case is necessary to provide you with guidance.

## **2. When am I considered a “resident”? How do I find out if I am a resident?**

In general, you are a resident if you worked more than 183 days in Spain. Nevertheless, exceptions exist for this rule.

## **3. What is the difference between a resident and non-resident? Are there any advantages to being a resident?**

If you are a resident, you are treated in a totally different way by the tax office. On one hand, you can apply for different tax deductions (meaning you pay less tax), on the other hand your tax rate is progressive and world-wide income is usually considered in the tax return.

## **4. What happens if I don't file a tax return?**

It is generally advised to file a tax return for every person working in Spain. Failure to submit your tax return might result in penalties and complications in the future. It is the same as if you do not comply with tax obligations in your home country.

## **5. What taxes are paid in Spain?**

In Spain you usually pay income tax, social security and medicare deductions. The tax rate starts at 19% and can reach up to 45%. Different rates apply to EU residents and EU non-residents. Progressive tax is applied on Spanish residents who spend more than 6 months working in Spain.

## 6. What does “tax refund” mean?

A **refund** means that your employer paid more taxes on your behalf than was necessary, and you can claim that excess money back from the tax office. **By filing a tax return, you are actually reporting** to the spanish tax office how much you earned as gross income and how much you paid in taxes while you stayed in Spain.

## 7. What documents do you need for your tax refund?

In order to get your income tax refund as quickly as possible and to apply for the highest amount, you need to have:

- **A document called “Certificado de retenciones” or a copy of your final cumulative payslip** from each employer.
- A copy of your **ID or passport**
- Additional documents might be required based on your individual situation especially if you spent more than 183 days in the given year in Spain

## 8. What is a Certificado de retenciones?

The **Certificado de retenciones** is a form that each employer has to give to his employees at the end of the year. The form reports the employee's annual wage and the taxes withheld from each paycheck. **Spanish employers must send the Certificado de retenciones to each employee before January 31 of each calendar year.** The **Certificado de retenciones** is not based on the fiscal year, but reports income in a calendar year (January 1 to December 31).

## 9. What if you do not have all the necessary documents?

**Even if you do not have all the documents mentioned above, you can still apply for your tax refund.** We offer a “replacement” service - we will contact your former employers and will claim copies of your payment documents as your certified tax agent.

## 10. How many years back can I file my tax refund?

You can go back as far as **4 years** from the year in which you apply.

## 11. How long does it take to receive my tax refund?

On average **it takes 4 to 6 months for the tax return** to be processed by the tax offices. This is counted from the time your documents are received by the tax authorities. The actual time may vary on a case by case basis.

## 12. When is the deadline for filing the tax return?

The standard **deadline is 31st of March of the following year**. This means that you have to send your tax return in such way that the tax office will receive your tax return by this date

You can also submit your tax return up to 4 years back. For example, if you worked in Spain in 2015, you can still submit your tax return until 31st March 2020.

## 13. What happens if you don't file your tax return on time? Are there penalties?

Yes, in general there are circumstances which might lead to a penalty in later years for not filing a tax return.

## 14. If you file a tax return for previous years, you are "filing late". Does it make sense to file a tax return?

Yes, it makes sense. Even though the tax office might in some cases implement late-filing penalties, such penalties are very low compared to the problems associated with totally ignoring the tax return. Also, in most cases, there are no late-filing penalties if you are entitled for a tax refund.

## 15. Why is your tax pre-calculation different from the actual Tax Office calculation?

In some cases, tax officials calculate the **tax on your tax return higher or lower than the tax office shows in the final calculation.**

What are the most frequent causes?

- The Tax Office had different data on your record (your employer reported different data than you have on your **Certificado de retenciones**)
- Your employer wrongly paid more/less than was necessary
- You may have some **debt/overpayment from previous years**

## 16. Why did my friend/colleague get more on the refund, than me?

The result of the tax return calculation is a complex issue and one taxpayer cannot be compared with another. Usually some aspects of your employment might be different. These might include facts like: how long you have been working in Spain, if you have children, or are married, etc.

## 17. Do I get more refund if I worked in Spain for the whole year and not just part of it?

This cannot be estimated unless all aspects are taken into account. This is the reason why we offer the precalculation to be done first. In more complex cases, consultation with our tax advisor is necessary.