KPMG

Taxation of international executives: Spain

February 2026

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01

Overview and Introduction

1 Overview and Introduction

Foreign individuals who become Spanish residents are subject to Spanish Personal Income Tax (PIT) on a worldwide basis. Nonresidents will be subject to PIT, but only on income arising and capital gains obtained from Spanish sources.

A special tax regime for inbound assignees might be available for those individuals who become Spanish tax residents as a consequence of their assignment to Spain or of acquiring a director position in an entity, provided certain requirements are met. As of 1 January 2023, this regime is also extended to workers moving to Spain to work remotely using solely IT and telecommunications, and to individuals moving to Spain to engage in an economic activity classed as entrepreneurial and to those displaced to Spain who are highly-qualified professionals that render services to start-ups or engage in training, research, development or innovation activities, and to some family members of the main taxpayer qualifying for the special regime, provided certain requirements are met. An individual may be taxed as part of a family unit, usually consisting of two spouses and children under the age of 18 (except those living independently with parental consent).

The members of a family unit may choose to file separate tax returns. If one member of the family unit chooses to file a separate return, then the other members of the family unit must in general also file separately.

The tax year for an individual is the calendar year, unless the taxpayer dies on a day other than 31 December.

The official currency of Spain is the Euro (EUR).

Herein, the host country/jurisdiction refers to the country/jurisdiction to which the employee is assigned. The home country/jurisdiction refers to the country/jurisdiction where the assignee lives when they are not on assignment.

Specific Personal Income Tax regulations, scales of rates, filing deadlines and special regime for inbound assignees apply in the territories of the Basque Country (Vizcaya, Guipuzcoa and Alava) and Navarra, and advice on the specific tax treatment applicable therein should be sought for assignments to/from them.

02

Income tax

2 Income Tax

2.1 Tax returns and compliance

When are tax returns due? That is, what is the tax return due date?

The due date for filing the tax return and making a payment for tax residents and individuals taxed under the special expatriate regime is normally from beginning of April to 30 June of each year for the income obtained in the previous year.

Specific filing deadlines apply to Nonresidents and, as a general rule, Nonresidents must report income and pay taxes on a quarterly basis (first 20 days of April, July, October and January for that income the accrual date of which is the previous quarter). Nonresident returns related to deemed income from the holding of real estate must be submitted until 31 December of the following year. As of 2024, rental income corresponding to the same real estate and the same lessee obtained by a Nonresident can be accumulated and reported in a single annual return to be filed and paid by 20 January of the following year.

There is no possibility of claiming for filing extensions, hence, if the tax return is not filed on time, penalties will be imposed. These penalties will vary depending on whether the tax return is filed after the deadline on a voluntary basis or whether it is as a result of a tax inspection.

What is the tax year-end?

31 December. Unless the taxpayer dies on a day other than 31 December.

What are the compliance requirements for tax returns in Spain?

Residents

Spanish resident employers and permanent establishments of Nonresidents are obliged to make withholdings of taxable income paid to their employees. The withholdings are made in accordance with a previous estimation of the final tax due. If the employees work for a Spanish related company or permanent establishment in Spain of the Nonresident company, the withholdings on account must be made by the Spanish entity or permanent establishment for which the employee works.

The withholdings on employment income are calculated according to a progressive scale based on the amount of taxable income that is expected to be paid during the tax year (both cash and kind remuneration must be considered) and the family status of the employee. If said circumstances were modified during the tax year, a new calculation shall be made.

These withholdings are paid to the Spanish tax authorities on a monthly or quarterly basis and will be deducted from the employee's final tax due. If the total amount of withholdings were to exceed the tax due, the tax authorities would have to refund the difference. After deducting withholdings, the tax due is paid on the filing of the tax return. However, the ordinary tax resident taxpayer can choose to pay 60 percent of the tax due when the return is filed and the remaining balance in November.

Withholding obligations in the case of Nonresident entities have to be checked on a case-by- case basis.

Those individuals engaged in independent, or business activities must make certain prepayments of the final tax throughout the year.

Tax resident individuals are obliged to report by filing a 720 Form the following assets and rights located outside of Spain to the Tax Authorities:

- Accounts in which the individual is the titleholder, or in which they are a representative, authorized person or beneficiary, or in which they have disposal powers.
- Securities, rights, insurance and life or temporary annuities.
- Real estate or rights on real estate.

There will be no reporting obligation for those assets or rights which value (considered in aggregate for each group of assets listed above) is lower than EUR50,000.

This 720 Form filing obligation only applies to regular tax residents but not to those individuals who have been granted and are taxed under the Special Tax Regime for inbound assignees (it might however be applicable to their spouses if they were not subject to the special tax regime. With effects as of 2023 spouses and some family members of the main taxpayer qualifying for the special regime might however also apply for the special tax regime, provided certain requirements are met).

The deadline for filing the 720 Form is from 1 January to 31 March of the year following that for which the information must be reported.

In those cases where the individual filed the 720 Form in previous years, a new reporting obligation would only be necessary if:

- The value of the assets, in each group of assets above mentioned, has been increased in more than EUR20,000.
- When the individual´s condition (owner, co-owner, co-titleholder or co-authorized) had changed or was extinguished during the year, before 31 December, with regard to any of the assets.

A new complementary reporting obligation (721 Form) was also approved by the Spanish government and it is already applicable as of tax year 2023. That regulation determines the obligation to inform to the Spanish Tax authorities about the ownership of Cryptocurrencies or Crypto actives when such assets are understood to be located outside Spain and in case the aggregated value of such assets exceeds EUR50,000 at 31st December. As it happens for the 720 Form, this obligation is only applicable for ordinary tax resident taxpayers (but not for non-tax residents or individuals who have been granted and are taxed under the Special Tax Regime).

The deadline for filing the 721 Form is from 1 January to 31 March of the year following that for which the information must be reported.

Nonresidents

In general, Nonresident taxpayers are taxed at flat rate on income obtained in Spanish territory or which arises from Spanish sources, at the general rate of 24 percent for work income and at the rate of 19 percent on capital gains and financial investment income arising from Spanish sources. Specific rates apply to certain other type of income.

Withholdings on work-income to Nonresidents are applied at a general rate of 24 percent (see paragraph below for residents in a European Union (EU) or European Economic Area (EEA) country/jurisdiction).

General rate of 19 percent applies to Nonresident individuals who are tax resident in a country/jurisdiction of the EU or of the EEA with which and effective exchange of tax information exists.

Nonresidents must always file their returns on a separate basis (i.e. there is no joint filing possibility for them).

Payers of Spanish-source income are usually required to withhold the tax at source on each payment made.

2.2 Tax rates

What are the current income tax rates for residents and Nonresidents in Spain?

Residents

For resident taxpayers other than in the Basque Country and Navarra, PIT is applied according to two progressive scales. Said scales correspond to the general (State's) scale and the complementary (autonomous community's) scale. The tax rate applicable is the result from adding the rates of both of them.

2025 and 2026 PIT rates

For simplicity purposes, below we are indicating the withholding scale of rates applicable to employment income. The actual tax rates would depend on the autonomous community where the taxpayer resides, being the result of adding the general scale (State's) and the complementary (autonomous community one).

Employment income withholding table for 2026

Taxable base (up to EUR)	Gross tax payable (EUR)	Rest of taxable base (up to EUR)	Applicable rate (%)
0	0	12,450.00	19.00
12,450.00	2,365.50	7,750.00	24.00
20,200.00	4,225.50	15,000.00	30.00
35,200.00	8,725.50	24,800.00	37.00
60,000.00	17,901.50	240,000.00	45.00
300,000.00	125,901.50	Onwards	47.00

Autonomous community tax rate table

Note: Each Autonomous Community has to approve its own scale of rates.

Investment income and capital gains are taxed at a rate of 19 percent for amounts up to EUR6,000, 21 percent for income in an amount between EUR6,000 and EUR50,000, 23 percent for income in an amount between EUR50,000 and EUR200,000, 27 percent for amounts between EUR200,000 and EUR300,000 and 30% for amounts exceeding EUR 300,000.

Nonresidents

In general, Nonresident taxpayers are taxed at the rate of 24 percent on income obtained in Spanish territory or which arises from Spanish sources, and at the rate of 19 percent on capital gains and financial investment income arising from Spanish sources. Specific rates apply to certain other type of income.

General rate of 19 percent applies to Nonresident individuals who are tax resident in a country/jurisdiction of the EU or of the EEA with which and effective exchange of tax information exists.

2.3 Residence rules

For the purposes of taxation, how is an individual defined as a resident of Spain?

An individual is considered a Spanish resident for tax purposes under the following considerations and if they meet either of the following requirements:

- They remain in Spain for more than 183 days in a given calendar year. Sporadic absences are considered days of presence in Spain unless the individual can prove their tax residence status in another country/jurisdiction (if a tax haven, the individual can be requested to have spent at least 183 days during the calendar year in that country/jurisdiction).
- Their business or economic interests are directly or indirectly located within Spanish territory.

It is presumed, unless the contrary is proved, that an individual is a tax resident in Spain if their spouse and underage dependent children are Spanish tax residents.

Spanish regulations do not contemplate partial-year residence status, meaning that if an individual is classified as a Spanish tax resident or Nonresident, they will be regarded as such for the full tax year.

Special anti-avoidance rules apply to those Spanish nationals who move their Spanish tax residence status to a territory classified as a tax haven, according to which they will remain as Spanish tax residents for the tax year in which the change of residence takes place and the following four.

Is there, a de minimus number of days rule when it comes to residency start and end date? For example, a taxpayer can't come back to the host country/jurisdiction for more than 10 days after their assignment is over and they repatriate.

With regard to the 183-days rule, any day of physical presence in Spanish territory within the calendar year will have to be considered, regardless of whether those days are spent within the formal period of assignment or prior to or after that period.

What if the assignee enters the country/jurisdiction before their assignment begins?

Any day spent in Spain before the assignment begins during the calendar year considered will have to be taken into account to compute the 183-days rule.

2.4 Termination of residence

Are there any tax compliance requirements when leaving Spain?

A voluntary form (Form 030) can be filed to communicate to the Spanish Tax Authorities the new fiscal address.

An additional specific form (Form 247) can be filed to communicate to the Tax Authorities the departure for withholding tax purposes, so that the employer can apply a Nonresident treatment from a withholding tax perspective and is usually used when the home employer continues paying the employee's salary.

If the individual is being taxed under the special regime for inbound assignees, a communication (via Form 149) will have to filed to the Tax Authorities to communicate to them the end of the assignment to Spain, within 1 month as of the date of such end of the assignment.

There might be a potential exit tax triggered on the unrealized gains arising on shares held or holdings in collective investment undertakings for certain long-term tax resident individuals upon departure from Spain, provided that the total valuation of the shares held by the individual is above EUR4,000,000, or EUR1,000,000 if the holding represents more than 25 percent, and certain requirements are met.

What if the assignee comes back for a trip after residency has terminated?

Any day spent in Spain after the assignment has terminated during the calendar year will have to be taken into account to compute the 183-days rule.

If the absences deemed temporary, the period stayed outside of Spain will be also computed as period of residence, unless the individual could prove that they have been regarded as tax resident in a third country/jurisdiction during those temporary absences.

Communication between immigration and taxation authorities

Do the immigration authorities in Spain provide information to the local taxation authorities regarding when a person enters or leaves Spain?

The tax authorities could request information to the immigration authorities in this regard.

Filing requirements

Will an assignee have a filing requirement in the host country/jurisdiction after they leave the country/jurisdiction and repatriate?

If the assignee continued obtaining Spanish-source income or had any trailing income or any investment/asset located in Spain, they could be subject to filling requirements depending on the income obtained.

Under a Nonresident status, if the payer of the Spanish source income has applied relevant withholdings equivalent to the final Nonresident tax due, the taxpayer might not have an additional tax filing obligation. Tax Treaty provisions would also have to be checked as, in certain occasions, refunds might be claimed if the Spanish withholdings applied exceeded the maximum rates foreseen in the applicable Tax Treaty.

2.5 Economic employer approach

Do the taxation authorities in Spain adopt the economic employer approach to interpreting Article 15 of the Organisation for Economic Co-operation and Development (OECD) treaty? If no, are the taxation authorities in Spain considering the adoption of this interpretation of economic employer in the future?

The Spanish Tax Authorities have not established a clearly defined position. In this regard OECD criteria might however have to be taken into consideration.

De minimus number of days

Are there a de minimus number of days before the local taxation authorities will apply the economic employer approach? If yes, what is the de minimus number of days?

There is no de minimus number of days.

2.6 Types of taxable compensation

What categories are subject to income tax in general situations?

As a general rule, all types of remuneration and benefits received by an employee for services rendered constitute taxable income. The items listed below will be regarded as taxable unless otherwise stated.

- Base salary.
- Benefits-in-kind are taxable, although there are cases in which a tax saving might be obtained by providing an employee with a benefit-in-kind rather than the cash equivalent.

- The payment of local or personal income taxes by the employer on the employee's behalf is considered taxable income.
- School tuition reimbursements are taxable.
- Expatriate premiums and assignment allowances are in general regarded as taxable.
- Housing allowances paid in cash are taxable. If the employee is provided with the free use of a house rented by the employer, the amount of the rental payments made by the employer will be fully taxable for the employee. If the employee is allowed the free use of a house owned by the employer, 5 percent of the cadastral value of the house (if the value has been reviewed within the 10 previous tax years) or 10 percent, or 5 percent of 50 percent of the value of the house stated for net wealth tax purposes (in case cadastral value is not available) will be included in the employee's taxable base, up to a maximum limit of 10 percent of the rest of the remuneration received by the employee.
- Deferred compensation is taxable if paid in respect of services performed in Spain. However, the actual tax paid will vary depending on whether or not the individual is considered resident in Spain in the year in which the compensation is paid. If, during that year, the individual is a Nonresident, the deferred compensation related to Spanish services will be taxed at a fixed general rate of 24 percent (19 percent if resident in an EU or EEA country/jurisdiction). If they are a resident, the compensation will be added to their worldwide income and taxed at progressive rates (consideration might have to be given in such a case to the eventual application of the domestic exemption of up to EUR60,100 for employment income obtained for work performed outside Spain).
- When the employee is not resident in Spain, the tax treaty signed between Spain and the country/jurisdiction of residence needs to be considered in order to determine their taxation.
- Contributions made to a pension plan established in accordance with Spanish pension plan laws by employees or by employers and allocated to the employee as work remuneration give rise to a reduction up to the lower of EUR1,500 or 30 percent of the taxpayer's net employment and business activities income. The general annual limit of EUR 1,500 can be increased in an amount of EUR 8,500, provided that such increase derives from contributions made by the employer to a company pension plan or from contributions made by the employee to the same pension plan by application of certain coefficients related to the amount of the respective employer's contributions. For these purposes, the employer's contributions deriving from the employee's decision (i.e. from a flex plan or a salary sacrifice plan) will be regarded as employee's contributions.

  The general annual limit of EUR1,500 can also be increased in an amount of EUR4,250 provided that such increase derives from contributions made to certain pension plans by self-employees or professionals.
- There are special reductions for contributions made on behalf of the spouse who does not earn net employment or economic activities income exceeding EUR8,000 (up to EUR1,000) and handicapped family members. EU pension plans falling under the scope of the EU Directive 2003/41/CE, under certain circumstances, can also entitle the employee to the previously indicated reduction.
- A reduction of 30 percent over a maximum base of EUR300,000 might be applicable, if certain requirements were met and was allocated in general to a single tax period, to work income generated over a period of more than 2 years, (provided that the taxpayer had not obtained any other work income generated over a period of more than 2 years to which they have applied such reduction within the previous 5 tax years, excluding that deriving from the termination of a labor relationship for the purposes of this exception), or to those which are specifically regarded by PIT Regulations as being obtained on a non-regular basis.

2.6.1 Intra-group statutory directors

Will a Nonresident of Spain who, as part of their employment within a group company, is also appointed as a statutory director (i.e. member of the Board of Directors in a group company situated in Spain trigger a personal tax liability in Spain, even though no separate director's fee/remuneration is paid for their duties as a board member?

Spanish Nonresident Income Tax Law establishes that remuneration received by directors or members of the Board of directors of a Spanish resident entity is regarded as taxable employment income. For these purposes it would be relevant to know whether the remuneration received by the individuals is received for their employment relationship with the group company or rather for their position as director of the Spanish entity.

1 Will the taxation be triggered irrespective of whether or not the board member is physically present at the board meetings in Spain?

As per the domestic Spanish Nonresident Income Tax Law, that point would not be relevant, but the eventual applicable Tax Treaty would have to be analyzed in case any provision in that regard is contemplated in the particular case.

2 Will the answer be different if the cost directly or indirectly is charged to/allocated to the company situated in Spain (i.e. as a general management fee where the duties rendered as a board member is included)?

See comments to the above two questions.

3 In the case that a tax liability is triggered, how will the taxable income be determined?

For the amount of the director fees received, taking into account the above considerations.

2.7 Tax-exempt income

Are there any areas of income that are exempt from taxation in Spain? If so, please provide a general definition of these areas.

Reimbursement of actual expenses related to relocating an employee to another work municipality provided that it implies a change of residence should not be considered as taxable income, provided they cover travel and maintenance expenses, or living allowance for the taxpayer and their family during the move, and they are documented through the corresponding invoice. In addition, expenses connected with moving personal goods, provided that they are duly justified through the corresponding invoice, should not be considered as taxable income.

Certain benefits in kind provided by the company to the employee, such as meal vouchers up to a daily amount of EUR11, nursery vouchers, public transport vouchers within certain limits, medical insurance premiums up to a maximum annual amount of EUR500 per family member covered, etc. can be exempt from taxation under certain conditions.

Under certain circumstances and provided certain formal procedures are followed with the Mediation Arbitration and Conciliation Services (SMAC), indemnities paid for dismissal or termination of the employment contract will be exempt from taxation up to the maximum compulsory amounts prescribed by the applicable labor rules. The exemption has a maximum limit of EUR180,000.

Free use of a company car is not considered taxable income for the employee if it is only available for professional activities and not for personal use. Otherwise, it should be regarded as taxable income for the employee in the percentage available for private use according to certain specific valuation rules (20 percent of the car's value as if it was new). Up to a 30 percent reduction could be applicable for those cars regarded as energetically efficient (the reduction could be of 15 percent, 20 percent or 30 percent depending on certain parameters referred to the level of emissions of the car, whether it is a hybrid, an electric car etc.).

The grant of company shares to active employees can be exempt up to an annual limit of EUR12,000 provided certain requirements are met (required holding period of the shares of at least 3 years and holding no more than 5 percent participation in the shareholding) and the offer is made within the same conditions to all the employees of the company, Group or subgroup of entities (it will be possible to

exclude from the offer to certain population of the employees based on a minimum seniority in the company of at least 2 years). The EUR12,000 annual limit of the exemption is increased to EUR50,000 in the cases of company shares granted to employees of start-up companies and in such cases, it would not be necessary the offer to be made within the same conditions to all the employees of the company, being sufficient it being made under the general remuneration policy of the company and contributing to the employees' participation in it.

2.8 Expatriate concessions

Are there any concessions made for expatriates in Spain?

A tax regime for inbound expatriates is available in Spain. Under this regime, individuals who become Spanish tax residents as a consequence of their assignment to Spain may choose between being taxed as Spanish tax residents (taxed on their worldwide income according to the PIT progressive scale of rates with a general 47 percent marginal rate), although this rate can vary depending on the Autonomous Community) or as a Nonresident (taxed on their Spanish-source income at flat rates, 24 percent for work income).This option will affect the year in which the change of residence takes place and the following 5 years.

Application for this regime will have to be formally filed with the Tax Authorities (149 Form) within a period of 6 months as of the date of start of the activity in Spain indicated in the registration with the Spanish Social Security or in the certificate of coverage that entitled the individual to maintain the Social Security contributions in his/her home country.

The main requirements that must be met to be able to apply for the regime and the applicable rules have suffered some amendments that entered into force with effects as of 1 January 2023 and are summarized below. These requirements must be met throughout the period during which the regime is applicable.

- The individual has not been a Spanish resident during the 5 tax years preceding the year in which he or she was posted to Spain (under the former regulation this period was 10 years).
- The assignment to Spain is derived from a labor contract (excluding professional sports- persons) or from an international assignment ordered by the employer.
- The regime has been extended to workers posted to Spain to work remotely using solely IT and telecommunications resources and systems, regardless of whether the posting is ordered by the employer. This condition is deemed met if the worker holds an international telework visa.
- The regime may also be applied to individuals acquiring director status at a Spanish company. The main development here is that the requirement whereby the director must not hold a stake affording related-party status (generally speaking, this means a stake equal to or exceeding 25 percent) will only apply where the entity in question is an asset-holding company.
- The special tax regime may also be applied where the individual is posted to Spain to engage in an economic activity classed as entrepreneurial. To this end, entrepreneurial activity is taken to mean an activity that is innovative and/or of particular economic interest to Spain, and in respect of which a favourable report has been issued by the *Empresa Nacional de Innovación* (ENISA, the National Innovation Entity).
- Likewise, the regime is applicable when the individual posted to Spain is a highly-qualified professional who is to render services to start-ups or engage in training, research, development or innovation activities, for which he or she will receive remuneration accounting for over 40 percent of his or her employment income and income from economic activities.
- The taxpayer does not obtain income that would qualify as being obtained through a permanent establishment situated in Spain (except in the cases described in the above two paragraphs).

The whole of the employment income/business activities income obtained by the taxpayer during the period of applicability of the regime will be deemed to correspond to work/activities performed in Spain and, therefore, will be fully taxable in Spain. However, income related to an activity performed prior to the

assignment to Spain by the taxpayer who has been granted the special tax regime, will not be deemed as obtained in Spain. Moreover, with regard to income obtained once the assignment in Spain is over, provided that the taxpayer maintains Spanish tax resident status for said year, and the relevant notification is filed within a month with the tax authorities, that income will not be either deemed as obtained in Spain.

A tax relief to avoid double taxation is available under the special tax regime for foreign taxes paid. It is limited to 30 percent of the tax payable on the total employment income received in the fiscal year

The 24 percent Nonresident rate will only be applicable to taxable employment income up to EUR600,000 while any employment income exceeding that amount will be taxable at the marginal rate applicable to tax residents (47 percent).

The opportunity to opt for this special regime has also been extended with effects 1 January 2023 to the worker's spouse or the other parent of their children (if unmarried), children under the age of 25, and disabled children, irrespective of their age, where:

a. they relocate to Spain together with the main inbound expatriate or before or on a subsequent date, provided that if they arrive before, they do not acquire their residence in a tax year prior to the first tax period in which the special regime is applicable to the main taxpayer, and if they relocate after, they do it before the end of such first tax period in which the special regime is applicable to the main taxpayer ;

b. they acquire tax residence in Spain;

c. they were not considered resident in Spain during the five tax periods prior to their displacement to Spain;

d. they do not obtain income that could be classified as having been obtained through a permanent establishment located in Spain;

e. the sum of the net taxable income in each of the tax periods in which they are subject to this special regime is lower than the net taxable income of the main inbound expatriate.

The special regime will apply in any successive tax periods in which (where such conditions are met), it also applies to the main inbound expatriate.

The special regime for inbound assignees has very relevant particularities in the Basque Country (Vizcaya, Guipuzcoa and Alava) and Navarra, and specific advice on the regulations applicable therein and on whether and how the special regime might be applicable should be sought for assignments therein. In the three territories of the Basque Country, amendments also entered into force with effects as of 2022, and the scope of the individuals and activities to which the special regime might be applicable and the duration of it was also broadened.

2.9 Salary earned from working abroad

Is salary earned from working abroad taxed in Spain? If so, how?

As tax residents are subject to taxation on their worldwide income, in principle, work income obtained from services rendered abroad will be taxable. However, an exemption may be applied as long as, among others, the following conditions are met.

- Services are physically rendered out of Spain for the benefit of a Nonresident company, or a permanent establishment located abroad.
- The country/jurisdiction where the services are rendered is not a tax haven and has a tax similar to Spanish PIT (this requirement will be regarded to be met when the country/jurisdiction in which the services are performed has a Tax Treaty to avoid double taxation in force with Spain with an exchange of information clause).

The income that may benefit from this exemption has an annual maximum limit of EUR60,100.

Eventual tax treaty provisions should also be considered.

2.10 Taxation of investment income and capital gains

Are investment income and capital gains taxed in Spain? If so, how?

The taxpayer's income from the different categories will be broken down, where applicable, into general income and investment income. As a general rule, the general income will be the aggregate of the net total of employment income, income from immovable property, business or professional income, imputed income, and so on. The investment income will be aggregate of the net total income from financial investments, interest, dividends, capital gains, and so on.

Capital gains are, as a general rule, included in the investment income taxable base. However, the capital gain derived from the sale of an individual's main residence could be tax-exempt, if certain conditions are met and the amount obtained is reinvested in the acquisition of a new principal residence, or the individual is over 65 years old.

The term capital gain includes any income arising from a change in the taxpayer's net wealth. The gain or loss is generally determined as the difference between the acquisition cost and the sales value. The gain obtained for transfer of assets will be taxed at a rate of 19 percent for amounts up to EUR6,000, 21 percent for income in an amount between EUR6,000 and 50,000, 23 percent for income in an amount between EUR50,000 and EUR200,000, 27 percent for amounts between EUR200,000 and EUR300,000 and 30% for amounts exceeding EUR 300,000regardless the generating period (long-term or short-term capital gains).

If the assets sold were purchased before 31 December 1994, the proportional part of the capital gain arising up to 20 January 2006 could be reduced by a reduction coefficient, but certain restrictive limits have been established with effects 1 January 2015.

Specific rules apply to the offset of positive and negative investment income and capital gains/losses.

Dividends, interest, and rental income

As a general rule, investment income, such as dividends and interest arising from bank deposits, any gains on sales of shares, and so on, obtained by a Spanish tax resident will be taxed at a rate of 19 percent for amounts up to EUR6,000, 21 percent for income in an amount between EUR6,000 and 50,000, 23 percent for income in an amount between EUR50,000 and EUR200,000, 27 percent for amounts between exceeding EUR200,000 and EUR300,000 and 30% for amounts exceeding EUR 300,000.

Property rental income is included in the general income, and therefore is taxable at general progressive rates. The expenses related to such income, such as interest paid on loans linked to the acquisition of the property, local taxes, depreciation, and so on, are deductible within certain limits. In the case of rental income derived from housing, once the net income is calculated, only a 50 percent of said figure should be included in the taxable base and consequently subject to taxation. The reduction percentage on the net rental positive income has been established at 50 percent in general as of 1 January 2024. However, increased reduction percentages of 60, 70 or 90 percent could be applicable depending on certain requirements such as the area in which the rental property is located, the conditions and date of the rental

agreement and the rental income, the nature and age of the lessee, whether refurbishment works had been carried out in the previous two years, etc.

Furthermore, individuals who own real estate other than their main residence and of land plots, which are not affected to economic activities or rented, will be taxed on deemed income equal to 1.1 percent of the real estate's cadastral value (or 2 percent if the cadastral value has not been revised within the previous 10 tax years) or 1.1 percent of the 50 percent of the value of the house stated for net wealth tax purposes (in case cadastral value is not available).

Gains from stock option exercises

Although taxation may vary depending on the conditions of the plan, as a general rule the gain on exercise (difference between fair market value of the stock at exercise and the exercise price) is subject to income tax, as work income, at ordinary progressive rates provided that the options are non-transferable. Certain tax allowances and reductions might be available.

Residency status	Taxable at:		
	Grant	Vest	Exercise
Resident	N	N	Y
Nonresident	N	N	Y

Principal residence gains and losses

As a general rule, transmission of habitual residence is subject to a rate of 19 percent for amounts up to EUR6,000, 21 percent for income in an amount between EUR6,000 and 50,000, 23 percent for income in an amount between EUR50,000 and EUR200,000, 27 percent for amounts betweenEUR200,000 and EUR300,000 and 30% (with effects as of 2025) for amounts exceeding EUR 300,000. If the amount obtained from the transfer is reinvested in the acquisition of another habitual residence, or if the individual is over 65 years old, the gain could be exempt from taxation, provided certain requirements are met.

Capital losses

Capital losses deriving from the transfer of assets could be compensated with the capital gains obtained in the same year. If there are losses that cannot be compensated with the gains of the year, they could be compensated with the gains obtained in the following 4 years, and also with a given percentage of positive income of the same tax year arising from financial investments income (a transitory regime is envisaged for these purposes).

Personal use items

Personal use items do not produce capital losses.

Gifts

The donor is subject to taxation on the eventual capital gain connected to the donated asset. Gifts received by the donee may be levied by gift and inheritance tax (specific rules depend on the autonomous community).

Additional capital gains tax (CGT) issues and exceptions

Are there additional capital gains tax (CGT) issues in Spain? If so, please discuss?

See previous mention.

Are there capital gains tax exceptions in Spain? If so, please discuss?

See previous mention.

Pre-CGT assets

Information is not available.

Deemed disposal and acquisition

Information is not available.

2.11 General deductions from income

What are the general deductions from income allowed in Spain?

- Social security contributions paid by the employee will be deductible from their gross work income provided that they are compulsory and directly connected to the work performed in Spain.
- Personal and family minimum.
- Personal Minimum: EUR5,550 (increased if the taxpayer is older than 65 or disabled).
- Family minimum: EUR1,150 for each ascendant older than 65 that lives with the taxpayer subject to certain requirements (increased to EUR2,550 in case the ascendant is older than 75); EUR2,400 for the first descendant that lives with the taxpayer, EUR2,700 for the second, EUR4,000 for the third, and EUR4,500 for the fourth and each additional child. An additional minimum of EUR2,800 applies if the descendant is younger than 3.
- The deductible amount for personal and family minimums is calculated applying the PIT progressive scale to the above-mentioned amounts, in practice, for many occasions, a tax credit of 19 percent of that amount.

General deductions from taxable base

- Work reduction
  - A general amount of EUR2,000 can be deducted from the individual's net employment income (handicapped workers are entitled to a higher deduction).
  - Individuals with net employment income up to EUR14,852 can reduce from their taxable base an additional amount of EUR7,302, those with net employment income between EUR14,852 and EUR17,673.52 can reduce from their taxable base an additional amount of EUR7,302 minus the result of multiplying by 1.75 the difference between the net employment income and EUR14,852, while those with net employment income between EUR17,673.52 and EUR19,747.50 can reduce from their taxable base an additional amount of EUR2,364.34 minus the result of multiplying by 1.14 the difference between the net employment income and EUR17,673.52.
- reduction for joint filling (in general, EUR3,400)
- geographic mobility reduction
- children care reduction disability reduction
- reduction for contributions made to disables' wealth reduction for contributions made to welfare systems
- reduction for alimony payments made to separated spouse according to judicial decisions
- reduction for contributions made to Spanish registered or certain EU Pension plans falling under the scope of the EU Directive 2003/41/CE.

Tax credits

Main tax credits available are the following:

- A 15 percent deduction of the investment made in the acquisition or refurbishment of the habitual residence (maximum investment EUR9,040.15) is applicable only to those taxpayers who had

acquired or had invested amounts for the construction of their habitual residence before 1 January 2013 and had applied the deduction for such residence in 2012 or a previous tax year. A transitory regime is available.

- A potential transitory deduction is foreseen for the rental of habitual residence for those contracts subscribed before 1 January 2015.
- Deduction for charitable donations
  - 10 percent of the donations made in favor of foundations legally recognized, and associations declared to be of a public interest.
  - From 40 percent of up to a maximum of 80 percent (within certain limits) of the donations established in the Foundations Law. Increased rates apply for certain donations made to the same charitable entity for amounts over the ones donated in the previous 2 years.
- Family deductions of up to EUR1,200 apply per each handicapped descendant or ascendant, or for large size families (up to EUR2,400 per year for the large size families classified as special) (the amount of the deduction could be increased in up to EUR600 per each descendant exceeding the number or them that gives rise to classifying the large size family as standard or special).
- Deduction for employed mothers contributing to the Spanish Social Security or mothers receiving unemployment social security payments, amounting to EUR 1,200 per year per each descendant younger than 3, which can be increased in up to an additional amount of EUR1,000 in the case of paying kindergarten child education expenses which were not regarded as an exempt employment income.
- Certain temporary deductions have been established for works carried out for obtaining a qualifying improve of the energetic efficiency of habitual residence dwellings or of those rented out for the use of residence (provided that in the latter case the dwelling is rented out before 31/12/2027).
- Deduction of up to 20% of the amounts paid from 6/10/2021 to 31/12/2026 for works carried out for obtaining a qualifying reduction of at least 7% of the heating and cooling demand, with a maximum annual base of €5,000.
- Deduction of up to 40% of the amounts paid from 6/10/2021 to 31/12/2026 for works carried out for obtaining a qualifying reduction of at least 30% of the consumption of non-renewable primary energy, with a maximum annual base of €7,500.
- Deduction of up to 60% of the amounts paid from 6/10/2021 to 31/12/2027 for rehabilitation works carried out where a qualifying reduction of the consumption of at least 30% of the primary non-renewable is achieved in the building where the dwelling is located, with a maximum annual base of €5,000.
- Deduction of 50% of the amounts paid for the acquisition of shares in newly or recently incorporated entities with a maximum annual deduction base of EUR100,000 provided certain requirements are met.
- Deduction of 15% on the acquisition value of electric vehicles acquired from 30/06/2023 to 31/12/2026 (the maximum deduction base is limited to EUR20,000.
- Deduction of 15% for the installation of chargepoints for electric vehicles in an owned property not affected to economic activities from 30/06/2023 (the installation should finish before 31/12/2026) and limited to maximum deduction base of EUR4,000.

2.12 Tax reimbursement methods

What are the tax reimbursement methods generally used by employers in Spain?

Spanish employers usually reimburse foreign taxes by grossing up the employee's net salary.

2.13 Calculation of estimates/prepayments/withholding

How are estimates/prepayments/withholding of tax handled in Spain? For example, Pay-As- You-Earn (PAYE), Pay-As-You-Go (PAYG), and so on.

Pay-as-you-go (PAYG) withholding

Spanish resident employers and permanent establishments of Nonresidents are obliged to make withholdings of taxable income paid to their employees. The withholdings are made in accordance with a previous estimation of the final tax due. If the employees work for a Spanish related company or permanent establishment in Spain of the Nonresident company, the withholdings on account must be made by the Spanish entity or permanent establishment for which the employee works.

The withholdings are calculated according to a progressive scale based on the amount of taxable income that is expected to be paid during the tax year (both cash and kind remuneration must be considered) and the family status of the employee. If said circumstances were modified during the tax year, a new calculation shall be made.

PAYG installments

See previous and next question.

When are estimates/prepayments/withholding of tax due in Spain? For example: monthly, annually, both, and so on.

Companies have to file withholding returns monthly or quarterly, depending on their turnover. Obligation to file annual summary withholding returns also applies.

2.14 Relief for foreign taxes

Is there any Relief for Foreign Taxes in Spain? For example, a foreign tax credit (FTC) system, double taxation treaties, and so on?

A foreign tax credit is granted on income arising from foreign sources. The amount, which will be deducted from the tax due, will be the lower of the following amounts.

- The amount paid abroad for taxes of a personal nature levied on the income.
- The amount resulting from applying the average Spanish PIT rate to the portion of the taxable base, which has been taxed abroad.

Some of the tax treaties that have been signed by Spain, provide for the exemption with progressivity method in order to avoid double taxation.

2.15 General tax credits

What are the general tax credits that may be claimed in Spain? Please list below.

There is a list of credits, that may be claimed against the taxpayer's regular (or alternative minimum) tax liability, as follows:

- investments made in the acquisition of the habitual residence (a transitory regime applies)
- rental tax credit in respect of habitual housing (a transitory regime applies)
- tax credit for international double taxation
- child or dependent care
- tax credits for charitable donations
- see other mentions made in the previous tax credits section.

2.16 Sample tax calculation

This calculation3 assumes a married taxpayer resident in Spain with two children (both born in 2015) whose 3-year assignment begins 1 January 2024 and ends 31 December 2026. The taxpayer's base salary is 100,000 US dollars (USD) and the calculation covers 3 years.

	2024 USD	2025 USD	2026 USD
Salary	100,000	100,000	100,000
Bonus	20,000	20,000	20,000
Cost-of-living allowance	10,000	10,000	10,000
Housing allowance	12,000	12,000	12,000
Company car	6,000	6,000	6,000
Moving expense reimbursement	20,000	0	20,000
Home leave	0	5,000	0
Education allowance	3,000	3,000	3,000
Interest income from non-local sources	6,000	6,000	6,000

Exchange rate used for calculation: USD1.00 = EUR0.89.

Other assumptions

- All earned income is attributable to local sources.
- Bonuses are paid at the end of each tax year and accrue evenly throughout the year.
- The company car is used for business and private purposes and originally cost USD50,000. The employee is deemed resident throughout the assignment.
- Tax treaties and totalization agreements are ignored for the purpose of this calculation. Assume that the tax regime for inbound expatriates has not been applied for.
- The general scale of rates for withholding purposes (i.e. general default scale) has been used. Each Autonomous Community needs to approve its own scale of rates and therefore, depending on the Community of residence the individual the rates will vary.
- Mandatory Spanish Social Security maximum employee contributions have been taken into account as deductible expenses for the tax calculation

Calculation of taxable income

Year-ended	2024 EUR	2025 EUR	2026 EUR
Days in Spain during year	365	365	365

Year-ended	2024 EUR	2025 EUR	2026 EUR
Earned income subject to income tax			
Salary	89,000	89,000	89,000
Bonus	17,800	17,800	17,800
Cost-of-living allowance	8,900	8,900	8,900
Net housing allowance	10,680	10,680	10,680
Company car	6,230	6,230	6,230
Moving expense reimbursement	0	0	0
Home leave	0	4,450	0
Education allowance	2,670	2,670	2,670
Total earned income	135,280	139,730	135,280
Other income (Interest)	5,340	5,340	5,340
Total income	140,620	145,070	140,620
Reductions	0	0	0
Total taxable income	140,620	145,070	140,620

Calculation of tax liability

	2024 EUR	2025 EUR	2026 EUR
Taxable income as above	140,620	145,070	140,620
Mandatory Spanish Social Security employee contributions	3,665	3,957	4,146
Work income reduction	2,000	2,000	2,000
Joint return reduction	3,400	3,400	3,400

Deductions. personal and family minimums	2,024	2,024	2,024
Work Income tax	45,670	47,538	45,446
Interest income Tax	1,015	1,015	1,015
Total Spanish income tax	46,685	48,553	46,461

KPMG in Spain has assumed a joint return for the sample.

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03

Special considerations for short term assignments

3 Special considerations for short-term assignments

For the purposes of this publication, a short-term assignment is defined as an assignment that lasts for less than 1 year.

3.1 Residency rules

Are there special residency considerations for short-term assignments?

As a general rule, if as a consequence of the short-term assignment the individual remains in Spain for less than 183 days during the calendar year, in principle they will be regarded as Nonresident in

Spain. If they remain more than 183 days in Spain during the calendar year, they will be regarded as tax resident.

3.2 Payroll considerations

Are there special payroll considerations for short-term assignments?

Not applicable.

In case there was a tax liability resulting for the short-term assignee, potential withholding tax obligations might apply.

3.3 Taxable income

What income will be taxed during short-term assignments?

Taxation of income received during a short-term assignment with Nonresident status will be limited to Spanish-source income obtained during the assignment (the eventual applicability of Tax Treaty provisions will have to be taken into consideration). If the individual is a tax resident, this income would be taxable although certain exemptions are available.

3.4 Additional considerations

Are there any additional considerations that should be considered before initiating a short- term assignment in Spain?

The charge of the cost of the assignee to the local company needs to be considered and also the eventual applicability of Tax Treaty provisions.

04

Other taxes and levies

4 Other taxes and levies

4.1 Social security tax

Are there social security/social insurance taxes in Spain? If so, what are the rates for employers and employees?

Employer and employee

Type of insurance	Paid by employer	Paid by employee	Total
Social security	30.65%*	6.50%**	37.15%***
Total	30.65%	6.50%	37.15%***

* Plus a percentage to cover labor accidents and illnesses.

** For indefinite contracts.

*** With effects as of 2025 onwards, the excess of wages over the maximum monthly contribution base will be however subject to an extra solidarity contribution, in a certain percentage in three different thresholds. The solidarity contribution for 2026 will be the result of applying a rate of 1.15 percent to the portion of remuneration between EUR 5,101.20 and EUR 5,611.32, with 0.96 percent borne by the employer and 0.19 percent by the employee; 1.25 percent applicable to the portion of remuneration between EUR 5,611.32 and EUR 7,651.80, with 1.04 percent borne by the employer and 0.21 percent by the employee; and 1.46 percent to the portion of remuneration exceeding the previous amount, with 1.22 percent borne by the employer and 0.24 percent by the employee.

In principle, all employees working in Spain, regardless of their nationality, must be registered with the Spanish social security system and the employer must make the corresponding contribution for both employer and employee. These contributions depend on the category of each employee and cannot exceed certain limits.

Employer rate (plus a professional contingency rate depending on the company activities) is

30.65 percent plus a percentage to cover labor accidents and illness (percentage depends on the activities) and employee rate (indefinite contracts) is 6.50 percent.

Both Spanish and foreign social security contributions can be deducted from the compensation income, as long as they are directly related to work income subject to Spanish PIT and are compulsory.

The minimum and maximum social security bases vary depending on an employee's category of employment and educational background. Please note that expatriates, according to international social security agreements and EU applicable regulations, may keep home-country/jurisdiction social security contributions and regimes.

The current maximum monthly Social Security base is EUR5,101.20 for 2026. With effects as of 2025 onwards, the excess of wages over the maximum monthly contribution base will be however subject to an extra solidarity contribution, in a certain percentage in three different thresholds. The solidarity contribution for 2026 will be the result of applying a rate of 1.15 percent to the portion of remuneration

between EUR 5,101.20 and EUR 5,611.32, with 0.96 percent borne by the employer and 0.19 percent by the employee; 1.25 percent applicable to the portion of remuneration between EUR 5,611.32 and EUR 7,651.80, with 1.04 percent borne by the employer and 0.21 percent by the employee; and 1.46 percent to the portion of remuneration exceeding the previous amount, with 1.22 percent borne by the employer and 0.24 percent by the employee.

4.2 Gift, estate, wealth and/or inheritance tax

Are there any gift, wealth, estate, and/or inheritance taxes in Spain?

Gift and inheritance tax

This tax is levied if one or more of the three events listed occur.

- The acquisition of any type of goods, or rights, through an inheritance or legacy.
- The acquisition by an individual of goods or rights as a gift or donation.
- The amounts received by the beneficiaries of life insurance contracts when the contracting party is a different individual than the beneficiary.

The taxable base is normally the net value of the goods and rights in question.

The tax rates depend on the amount involved, the degree of family relationship between the donor and the donee and the previous net worth of the donee.

In certain regions such as Madrid, there are reductions available of up to 99 percent under certain conditions.

Wealth Tax

The Spanish Government reinstated Net Wealth Tax.

The general deduction is EUR700,000. There is an additional exemption for the taxpayer's habitual residence up to an amount of EUR300,000.

The general deduction is also applicable to Nonresidents in Spain, who are taxed only on Spanish net wealth.

Autonomous Communities can modify these amounts, establish additional exemptions and change the rates. In certain regions such as Madrid, there are reductions available of up to 100 percent of the tax due for residents in Spain (there is an exception and limitation to that 100 reduction in Madrid for those individuals who might be subject to Temporary Solidarity Tax on Large Fortunes).

The tax rates are applied in accordance with a general progressive scale that varies from between 0.2 percent and 3.50 percent. Several Autonomous Communities have however approved their own scale of rates so that the applicable marginal rate might vary depending on the scale of rates applicable in each case.

The total combined amounts due for Net Wealth Tax and PIT cannot exceed 60 percent of the PIT taxable base although a potential reduction of the Net Wealth Tax due in this regard could not exceed 80% of it.

Temporary Solidarity Tax on Large Fortunes

A new temporary solidarity tax on large fortunes (ITSGF) was introduced with effects 2022 tax year and will supplement the current wealth tax and be an additional tax levied at the central government level on individuals that have net assets of more than EUR3 million (calculated as of 31 December each year) at the following rates:

1.7% on net assets between EUR3 million and EUR5,347,998

2.1% on net assets between EUR5,347,998 and EUR10,695,996

3.5% on net assets of more than EUR10,695,996

In order to determine the net taxable base, resident and non-resident taxpayers will be able to apply a general reduction of EUR700,000.

As with wealth tax, ITSGF will be payable by Spanish residents in respect of their worldwide wealth, and by non-residents in respect of any wealth located, or related rights that may be exercised or fulfilled, in Spain.

Assets and rights that are exempt from wealth tax would also be exempt from ITSGF, such as:

- Family businesses
- Permanent residences (up to EUR300,000)
- Vested rights in certain welfare schemes (pension plans, insured pension plans, corporate employee welfare plans, pan-European individual pension products, etc.)
- Assets forming part of Spanish or regional historical heritage, and certain art objects and antiques
- Household effects
- For non-residents, securities the returns on which are exempt from non-resident income tax (e.g., fixed income securities for EU residents)

The total combined amounts due for ITSGF, Net Wealth Tax and PIT cannot exceed 60 percent of the PIT taxable base although a potential reduction of the ITSGF tax due in this regard could not exceed 80% of it.

The Net Wealth Tax liability effectively paid will reduce the resulting final ITSGF tax liability to be paid.

4.3 Real estate tax

Are there real estate taxes in Spain?

There is a local tax levied on Spanish property charged annually by the municipality where the property is registered. The amount of the tax is calculated by reference to the cadastral value.

4.4 Sales/VAT tax

Are there sales and/or value-added taxes in Spain?

There are two main indirect taxes in Spain that could tax sales operations carried out within the Spanish territory depending on the status of the individual/entity which performs said operations, as follows:

- Spanish Value-Added Tax (IVA): companies/entrepreneurs/professionals.
- Spanish Transfer Tax (ITP-TPO): individuals.

4.5 Unemployment tax

Are there unemployment taxes in Spain?

The amounts received under unemployment systems are considered as work income.

Other taxes

Are there additional taxes in Spain that may be relevant to the general assignee? For example, customs tax, excise tax, stamp tax, and so on.

Information is not available.

Foreign Financial Assets

Is there a requirement to declare/report offshore assets (e.g. foreign financial accounts, securities) to the country/jurisdiction's fiscal or banking authorities?

Spanish tax resident individuals might be subject to the obligation to report assets and rights located outside of Spain to the Tax Authorities through Form 720.

The provisions establish the obligation of reporting the following assets and rights located outside of Spain to the Tax Authorities:

- Accounts in which the individual is the titleholder, or in which they are a representative, authorized person or beneficiary, or in which they have disposal powers.
- Securities, rights, insurance and life or temporary annuities.
- Real estate or rights on real estate.

There will be no reporting obligation for those assets or rights whose value (considered in aggregate for each group of assets listed above) is lower than EUR50,000.

Furthermore, in case of tax residents in the Basque Country and Navarra, besides the rights and assets mentioned above, it would be necessary to inform with regards to movable property located abroad and rights thereon, or which are registered or contained in records of foreign countries/jurisdictions, where their unit value exceeds EUR50,000.

Furthermore, for reporting purposes when there are multiple owners of the assets or rights the value of these should not be prorated based on ownership and, in addition, specific valuation rules and the cases in which ownership is transferred or relinquished during the year must be carefully analyzed.

The economic regime in which the taxpayer is married should also have to be considered for these purposes.

In those cases in which the individual filed this Form in a previous year, they could also have a filing requirement for a subsequent year when the aggregated value of the assets included in any of the above three groups had increased in an amount higher than EUR20,000 or when the individual´s condition (owner, co-owner, titleholder or authorized) had changed or was extinguished during the year, before 31 December, with regard to any of the assets that had been reported.

The deadline for filing the 720 Form is from 1 January to 31 March of the year following that for which the information must be reported.

The European Court concluded in the resolution with reference C-788/19 that the penalties that were in force in the Spanish tax regulations for the lack or filing of 720 Form or for late or incorrect filing were abusive and due to this fact the specific very severe penalties that were in place have been eliminated and the general ones for informative returns applicable under the General Tax Law are now applicable.

The obligation to file the Form in case the individual meets the requirements to do so, is still however in force.

Individuals taxed under the special regime for inbound assignees are excluded from the obligation of filing the 720 Form, but their spouses, if they are regarded as Spanish tax residents and had not applied to be taxed under the special tax regime, might have a filing obligation if they exceed the above-mentioned thresholds and were not subject to the special tax regime.

An additional complementary reporting obligation (721 Form) was also approved by the Spanish government and it is already applicable for tax year 2023. That regulation determines the obligation to inform to the Spanish Tax authorities about the ownership of Cryptocurrencies or Crypto actives when such assets are understood to be located outside Spain and in case the value of such assets exceeds EUR50,000 at 31st December. As it happens for the 720 Form, this obligation is only applicable for ordinary tax residents taxpayers (but not for non-tax residents or individuals who have been granted and are taxed under the Special Tax Regime).

The deadline for filing the 721 Form is from 1 January to 31 March of the year following that for which the information must be reported.

05
Immigration

5 Immigration

Following is an overview of the concept of Spain's immigration system

(E.g. which steps are required, authorities involved, in-country/jurisdiction and foreign consular processes, review/draft flow chart illustrating the process)

This summary provides basic information regarding business visits to, as well as work authorization for, Spain. This information is of a general nature and should not be relied upon as legal advice.

With regards to entry and residence in Spain it is important to differentiate respectively between nationals of the European Union (EU), the European Economic Area (EEA) and so-called third- country/jurisdiction nationals.

EU citizens have the right of freedom of movement, which means they have unrestricted access to Spain's labor market. A work and residence permit or visa won't be required to either enter or work in Spain. The same rules apply to citizens of Iceland, Liechtenstein, Norway and Switzerland.

A citizen of any EU member country/jurisdiction or a citizen of any of the members of the EEA or the Swiss Confederations may enter, leave, move, and/or remain freely in Spanish territory but all those EU citizens, EEA nationals and Swiss nationals who are going to reside in Spain for more than 3 months must obtain the "Central Registry for Foreigners Certificate" at the corresponding Police Station within the first 3 months after their entry in Spain. This process of EU Registration or Certificate of European Union Citizenship is compulsory for all European citizens, including their family members, who are going to live or work in Spain for a period of more than 3 months, and should be completed within the first 3 months after having arrived in Spain. The document obtained will be a green id-card shaped document, without a photo, which will contain their NIE (Foreign Identity Number).

The rest of the foreign nationals **(third-country/jurisdiction nationals)** who intend to engage in active, productive employment in Spain will need a Residence and Work Permit. Depending on the purpose of travel to Spain and the nationality of the traveler, there are different types of visas that will apply to each case, and processes and processing times could vary. For all work authorization types, foreign nationals must coordinate with their employer to collect and legalize corporate and personal documentation. This will include the Teleworking visa approved December 2022.

Relevant communications within the scope of the EU's Posting of Workers Directive should also have to be carried out.

5.1 International Business Travel/Short-Term Assignments

Describe (a) which nationalities may enter SPAIN as non-visa national, (b) which activities they may perform and (c) the maximum length of stay.

(A) which nationalities may enter SPAIN as a non-visa national:

Spain, following the European Union law **(Schengen visa code)**, distinguishes further between those nationals who need a visa to cross the Spanish border **(Visa nationals)** and those nationals who do not need a visa to enter Spain **(Non-Visa nationals).**

Non-Visa nationals can enter Spain for business visitor/vacation purposes without the need to apply for an entry visa (however at the Border Police Control Non-Visa Nationals must be able to prove their business visitor purposes). However, for work purposes it is compulsory to previously obtain an appropriate work and residence permit.

(B) which activities they may perform:

Business visitors are generally prohibited from engaging in productive employment activities that are an extension of professional activities.

In Spain, business visitors must generally limit their activities to the following (there is no official list):

- Attending meetings and negotiations
- Attending internal business meetings or discussions
- Attending internal seminars or trainings
- Attending a trade show or seminar convention

(C) the maximum length of stay:

If non-European nationals visit Spain as either tourists or business visitors, they are allowed to enter Schengen area as tourists or business visitors using their passports for up to 90 days within a 180-day rolling period.

The following mode of calculation will apply: A traveler is required to count back 179 days from the current day of stay. The current day of stay counts as the 180th day. Within this time frame the days of stay in all Schengen member states must not exceed 90 days. Days of stay spent in the issuing Schengen member state (in this case: Spain) on the basis of a national visa or national residence permit do not count against the 90 days limitation.

The short-stay calculator on the following website can be used for calculating the period of allowed stay under the Schengen rules:

https://ec.europa.eu/assets/home/visa-calculator/calculator.htm?lang=es

In addition to Spain, the following countries/jurisdictions are considered as Schengen member states:

https://home-affairs.ec.europa.eu/policies/schengen-borders-and-visa/schengen-area_en

(D) Looking to the future (ETIAS):

The European Travel Information and Authorisation System (ETIAS) has experienced various delays, and a definitive date is still pending as mentioned in new Regulation **.** Applicants will be able to apply via an official website and/or app for mobile devices prior to the start of operation of ETIAS and will have to pay a fee of €7.

https://travel-europe.europa.eu/etias_en

Describe (a) the regulatory framework for business traveler being visa nationals (especially the applicable visa type), (b) which activities they may perform under this visa type and the (c) maximum length of stay.

In addition to the previous section, visa nationals (Non-Visa exempt nationals) are required to obtain a Schengen (C) visa to be able to enter Spain for business visitor activities. The Schengen Visa is typically issued for multiple entries. Although circumstances may vary, a business visitor may receive authorization to visit Spain for up to 90 days within a 180-day rolling period.

Schengen Visas are generally not eligible for in-country/jurisdiction extension, however in very few exceptional cases an extension would be possible, however not for more than 90 days within a 180- day rolling period.

The application for the Schengen Visa must be filed at the Spanish embassy/consulate in the respective country/jurisdiction of residence in order to be allowed to enter Spain for up to 90 days within a 180-day rolling period.

With regards to the permitted activities and permitted duration of stay please see section point 5-1.b.

Outline the process for obtaining the visa type(s) named above and describe a) the required documents (including any legalization or translation requirements), (b) process steps, (c) processing time and (d) location of application.

Document gathering (1-2 weeks).

4 Prepare Visa application and book visa appointment at the Spanish embassy/ consulate at the place of residence (1-2 weeks).

5 Procedure to issue a resolution: To grant the visa (approximately 5-10 business days)

*Each Spanish Consulate or Visa Center can have different timings.

MINIMUM DOCUMENTS FOR APPLYING FOR A BUSINESS VISA (depending on Spanish Consulate of application more documents could be required).

- Valid passport or travel document;
- Established purpose for the visit (i.e. Letter of Invitation in Spanish from the Spanish company including a guarantee to cover certain expenses);
- Confirmation letter in Spanish from the employer, if requested; Proof of return or onward travel;
- Proof of sufficient funds to cover all costs while in Spain; and
- Proof of health insurance coverage while travelling and staying in Spain, valid for all Schengen member states with a minimum coverage of EUR30,000;
- Spanish Embassies may request an interview with the applicant.

Are there any visa waiver programs or specific visa categories for technical support staff on short-term assignments?

No, currently there are not any of these options in Spain.

5.2 Long-Term Assignments

What are the main work permit categories for long-term assignments to Spain?

In this context outline whether a local employment contract is required for the specific permit type.

The main work permit categories for long-term assignments to SPAIN are the ones established in Law 14/2013:

The Highly Skilled Professionals (HSP) and the Blue Card are residence and work permits that can be a viable option for assignments if a Spanish employment contract will be given to the assignees.

A foreigner, a citizen of a non-EU-country/jurisdiction, can apply for the HSP if the candidate accomplishes at least the following prerequisites:

Employee:

- Resume with the experience of a highly skilled professional for the job position.
- Qualified professionals are identified as:
  - graduates or postgraduates from universities of recognized prestige,
  - professional training and business schools of recognized prestige or
  - with a minimum of three years' professional experience, the position has to meet a series of requirements in order to qualify as a highly qualified job, with a specific remuneration and level of experience that can be accredited.

Characteristics of the job:

- The job title will need to match the functions and belong to group 1 or 2 of the National Classification of Occupations of 2011. These groups correspond to the following categories of positions: (1) Directors and Managers, and (2) Technicians.
- The position, once chosen, should be reflected in the work Contract, job profile, professional classification and the Collective Agreement of application.
- Experience and training vary depending on the position occupied and depends on the higher degree.

Annual gross salary:

For HSP

- Group (1) Directors and Managers: EUR**54,142** per year.
- Group (2) Other scientific and intellectual technicians and professionals: EUR**40,077** per year.

*These amounts may change in the future

The Highly Skilled Professionals residence permit is valid for the same period of the contract (with the limit of 3 years in cases of indefinite contract).

For Blue card

Based on the latest **INE Annual Salary Structure Survey**, the Order sets the following thresholds for **2026**:

General Salary Threshold; Minimum annual gross salary: **€39,269.92**

This applies as the standard requirement for EU Blue Card applications in Spain.

Reduced Salary Threshold (Coeficiente Reductor 0.8)

In specific cases, a reduced threshold of 80% of the general amount may be applied: Reduced minimum annual gross salary: **€31,415.94**

The reduced threshold is available only where specific criteria are met, such as for individuals who have obtained the qualification required for the EU Blue Card within the three years prior to the application.

Intra-corporate work permit (2 types):

- **ICT-EU modality:** EU Intra-corporate transferee (ICT-UE) residence permit for managers, specialists and trainee employees.
- **National ICT modality** for other categories, such as the transfer of workers to manage a contract (CSS), or the transfer of workers under a professional relationship.

For the work and residence authorization for workers from outside the EU, within the framework of an intra-company ICT transfer, contemplated in article 73 of Law 14/2013, it is required that the worker be transferred from the company based outside the EU.

This permit can be either in the **ICT-EU modality**, which is carried out between companies of the same business group to work as a manager, specialist or for training, as in the **National ICT modality**, applicable in cases not contemplated in the previous modality, such as the transfer of workers to manage a contract (CSS), or the transfer of workers under a professional relationship.

The request for one residence permit or another depends on the category which intends to be transferred to the company or group of companies established in Spain. **In both cases, local employment contract for Spain is not required.**

The prerequisites are:

- Certification of the company in Spain: Evidence of real business activity.
- The employee must have higher education qualification or equivalent or a minimum professional experience of 3 years, and their salary should meet the minimum indicated in the applicable Labor Convention (in line with the professional group identified).
- The employee must demonstrate existence of a previous and continuous employment or professional relationship of 3 months with one or more of the companies within the same group.
- Company documentation proving the relationship between companies (E.g.: that the companies belong to the same group or have a contractual relationship).
- As there will not be a local work contract in Spain and therefore no enrollment of the assignee within the Social Security in Spain in cases where a Social Security treaty applies: Documentation proving the Social Security coverage from the duration of the assignment (Social Security Certificate of Coverage from the country/jurisdiction of origin).

article 74 in Law 14/2013: International teleworkers

Who can apply?

The national of a third State willing to work or perform a professional activity at a distance for **companies located outside the national territory**, through the exclusive use of **means and systems, computer science, telematics and telecommunication.**

*Qualified professionals: graduates or postgraduates from universities of recognized prestige, professional training and business schools of recognized prestige or with a minimum of three years' professional experience.

* The existence of a real and continuous activity for at least one year of the company or group of companies with which the worker maintains a labor or professional relationship and documentation proving that the employment or professional relationship can be carried out remotely.

Work activity/ Professional activity

Work activity:
The holder of the authorization for international teleworking may only work for companies located outside the national territory.
In the event of an employment relationship, the existence of the same between the worker and the company not located in Spain must be proven for at least the last three months prior to the submission of the application, as well as documentation proving that said company allows the worker to carry out the work activity remotely.
Professional activity:
The holder of the authorization for international teleworking will be allowed to work for a company located in Spain, as long as the percentage of said work does not exceed 20% of the total of their professional activity.

In the event of the existence of a professional relationship, it must be proven that the worker has a commercial relationship with one or more companies not located in Spain for at least the last three months, as well as documentation proving the terms and conditions in which you will carry out your professional activity remotely.

PROCEDURE: VISA + Residence Permit + Renewals

International telework visa that will be valid for a maximum of one year, unless the period of work is lower, in which case the visa will have the same validity as this one.

The international teleworking visa will constitute sufficient title to reside and work remotely in Spain during its validity.

Within a period of sixty calendar days before the expiration of the visa, international teleworkers who are interested in continuing to reside in Spain may request the residence permit for an international remote worker, as long as the initials conditions are maintained. The validity of this authorization will be valid for a maximum of three years unless it is requested for a shorter period of work. The holders of this

authorization may request its renewal for periods of two years as long as the conditions that generated the right are maintained.

Provide a general process overview to obtain a work and residence permit for long- term assignments (including processing times and maximum validation of the permit).

Under Law 14/2013 (High Qualified Professionals, blue cards and Intra-Corporate work permits) the process and timelines are approximately the following:

- Document gathering (depending on the availability of the company and the assignee).
- Prepare Residence and Work Permit application.
- Procedure to issue a resolution: Spanish Authorities granting the residence and work permit (20business days).
- Prepare Visa application and book visa appointment at the Spanish embassy/ consulate at the place of residence (depending on the availability of the assignee).
- Procedure to issue a resolution: To grant the visa (10 business days).
- Register address with local town hall
- Book appointment with Immigration authorities (Police) and apply for the ID-Card as foreigner (1 week approximately but depending on Authorities workload and availability of appointments).
- Attend police appointment and provide fingerprints for final data (1 day).
- Pick up final work and residence ID-Card (4-5 weeks).

Is there a minimum salary requirement to obtain a long-term work and residence permit for assignments? Can allowances be taken into account for the salary?

There is a minimum salary requirement for all work and residence permits in Spain, in general it would be required that the foreign national must earn a salary equivalent to a comparable Spanish local employee in the Spanish company where the foreigner intends to work/ be based.

For work permits as High Qualified employees see the point regarding minimum salary.

For intra movements: allowances can be considered for the salary to be indicated in the Spanish work contract if they are not a refundable expense.

Whereas for local contract, allowances cannot be considered for the minimum salaries.

Is there a fast-track process which could expedite the visa/ work permit?

No, currently there is no fast-track option for Spain.

At what stage is the employee permitted to start working when applying for a long-term work and residence permit (assignees/ local hire)?

The employee is permitted to start working once they obtain a residence and work permit, which is when Spanish Authorities issue the corresponding work permit resolution. Where the requirement of obtaining an entry work visa appears as mandatory in the resolution of the Spanish Authorities, the employee cannot start working before obtaining this work visa and entering Spain with it.

Can a short-term permit/ business visa be transferred to a long-term permit in Spain?

Technically it would be possible to transfer a short-term permit/ business visa to a long-term permit in-country/jurisdiction. This needs to be reviewed case by case as it is highly depended on the circumstances. If a transfer would not be possible, the applicant would need to leave Spain and apply for their place of residence outside of Spain.

Is it possible to renew work and residence permits?

Normally, yes; but it always depends on the permit type. The renewal process can take place in Spain, the applicant is not required to leave the country/jurisdiction.

Is there a quota or system or a labor market test in place?

Spain does not have a quota system.

For some permit types a labor market test could take place to check out if any unemployed people in Spain are available for the position. However, this labor market test does not apply for the residence and work permits under Law 14/2013 (Intra-Corporate work permits or Highly Skilled professionals work permits).

5.3 General Immigration Related Questions

Would it be possible to bring family members to Spain?

Under law 14/2013 dependents are allowed to join the main applicant. According to Spanish immigration law, spouses (marriage certificate required), civil partnership (certificate required), stable couples (with a common child) and/ or children under 18 years (birth certificates required) are considered as dependents.

Children who are of legal age or parents are very difficult to bring with the assignees to Spain, as they would need to demonstrate their dependence upon the main applicant (for medical reasons, economic situation, etc.).

Is it possible to obtain a permanent residence permit?

Generally, it is possible to be eligible to apply for a permanent residence permit after holding a Work and Residence permit for 5 years. Continuity will not be affected by absences from Spanish territory for up to 6 months, provided that the sum does not exceed 10 months within 5 years. If it is for work reasons, it may not exceed a total of 1 year within the required 5 years.

What if circumstances change after the Work and Residence application process (e.g. change of employment or personal situation, including job title, job role or salary)?

Under Law 14/2013, these circumstances must be notified to the Authorities. Some changes (such as a change of the employing company) will result in the need to apply for a new residence and work permit.

How long can a permit holder leave SPAIN without their permit becoming invalid?

Depending on the type of residence and work permit: Any extended absences from Spain may affect future Long-Term Residency, Citizenship applications and work permits.

In particular, absences of more than 6 months, and in some cases up to 12 months for certain permit types, may lead to invalidity of the permit making it impossible to renew the residence permit.

Must immigration permissions be cancelled by the end of the assignment/employment?

In case of a termination of the employment before the end of the validity of the permit, the immigration authorities should be informed depending on the time left of the residence and work permit.

A de-registration at the local town hall needs to take place when the foreigner leaves Spain for good.

Are there any penalties for individuals and/or companies in place for non-compliance with immigration law?

Yes, penalties differ between individuals and companies.

Penalties could be deportation of the employee, restriction on re-entering Spain (Schengen Area) or monetary fines. Besides monetary fines, the company could face addition sanctions such as a prohibition on employing foreigners for a period of time or exclusion from obtaining subsidies.

5.4 Other Important Items

List any other important items to note, or common obstacles faced, in SPAIN when it comes to the immigration processes.

Below you will find a list of other important items to note and the most common obstacles:

- **Labor conditions in renewal cases** – it is of high importance that the salary indicated in the first application has been paid during the entire period of the assignment, along with the same job position, and the rest of conditions established on the contract.
- **Payment** conforms to the applicable collective agreement.
- Apostilles/Legalization/ Verification process of work permit´s application documents could be required.
- **Translations** – certain documents would require a Spanish translation made by a sworn translator recognized as such by the Spanish Ministry of Foreign Affairs.
- **Prior criminal records** – these can often result in a refusal of a residence permit: Lack of criminal record in Spain and in previous countries/jurisdictions of residence is a mandatory prerequisite. **Inconsistencies in documentation –** for example if there is a discrepancy in the name of the applicant as shown on their passport, degree or marriage certificates, then the authorities may require further supporting documentation.

Lastly, please note that Spanish authorities have discretionary power to request any other document or information they deem necessary.

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