



Accountants, tax and legal
Edificio Los Pinos
Calle Jacinto Benavente 32
29601 Marbella
Málaga Spain
Tel: (+34) 952 82 29 43
Email: info@spenceclarke.com

A GUIDE TO WEALTH TAX IN SPAIN

Index:

I. INTRODUCTION	2
II. WEALTH TAX.....	3
STATE TAX.....	3
AUTONOMOUS REGIONS- WEALTH TAX.....	3
ANDALUCIA.....	4
ASTURIAS.....	4
BALEARICS.....	5
CANTABRIA.....	5
CATALUÑA.....	5
EXTREMADURA.....	6
GALICIA.....	6
MADRID.....	7
MURCIA.....	7
VALENCIA.....	7
BASQUE COUNTRY.....	7
NAVARRA.....	8
III. GREAT FORTUNES TAX	9
IV. OTHER CONSIDERATIONS	10
Assets and their valuation.....	10
Tax optimization	10
Limit between income and wealth tax/great fortunes tax.....	11

I. INTRODUCTION

It should surprise no one that Spain is now one of the few countries that has a pure wealth tax.

Those wishing to retire to Spain or move to Spain for other reasons would do well to know how this tax works, as well as understand income and inheritance taxes, the other significant personal taxes in Spain.

Wealth tax is an annual tax on the net wealth of an individual. A resident of Spain is subject to this tax on his worldwide wealth. A non-resident is only subject to the tax on assets located in Spain or subject to Spanish legislation, e.g. Spanish real estate, Spanish registered cars, boats, planes, company shares, bank accounts, investments, etc.

Wealth tax was established in 1978, shortly after the democratic state of Spain was created after the death of Franco in 1975. It was meant to be an emergency measure needed to support the finances of the fledgling state but, as we all know, once a country has introduced a tax it is very hard to get rid of it.

Wealth tax was substantially reformed in 1991 and since then has remained almost the same. The tax tables and rates have hardly changed, despite inflation over 30 years having devalued assets by well over 50%.

There was a happy period between 2008 and 2011 when the tax was suppressed with a 100% exemption.

The stated intention at the time was to eliminate the tax definitively but the recession that followed the 2007-2008 financial crisis put paid to this. Its elimination remains the objective of the centre-right Partido Popular.

When the tax returned in 2011, substantial exemptions were introduced that kept the vast majority of the population out of the system.

Wealth tax generates tax revenues of approximately 1.2 billion Euros each year, about 0,25% of the total tax take of the country, so, it has to be said, is obvious that the tax is motivated purely by political dogma.

Furthermore, on 28 December 2022, there was an important modification to wealth tax rules for non-resident taxpayers. Ever since the tax was invented back in the late 1970s, a popular and relatively simple option has been to own a Spanish property with a foreign company. This loophole has now been closed for companies whose Spanish real estate assets exceed 50% of their total assets, in this case, the beneficial owner is liable to wealth tax as though they owned the real estate personally. However, Double Tax treaties can have an effect so we must consult the Double Tax Treaty signed between Spain and the taxpayer's country of residence to whether Spain indeed has the power to apply Wealth Tax.

Finally, wealth tax is dealt with by each autonomous region of Spain, due to this each region has different rates and allowances. You will find that there are regions like Andalucía and Madrid where there is 100% exemption on this tax, meaning no wealth tax is payable, and others like Cataluña and Valencia where due to a lower allowance available, the citizens of these regions end up paying more tax.

It would be good to leave the introduction at this point but at the end of 2022, the Government introduced a second wealth tax, popularly referred to as the Great Fortunes Tax. You will find a description of this tax in part II of this guide.

II. WEALTH TAX

STATE TAX

Below is the tax rate table of the state system, which is applicable for those regions of Spain that have chosen not to modify the rates to be applied to their autonomous region or for non-residents who do not wish to apply the regional tax rates. (Non-residents can choose to use the tax rates of the autonomous region where their assets are located, or they can choose to use the state tax).

From €	Cummulative tax €	Rest, up to €	Tax rate
0,00 €	0,00 €	167.129,45 €	0,20%
167.129,45 €	334,26 €	167.123,43 €	0,30%
334.252,88 €	835,63 €	334.246,87 €	0,50%
668.499,75 €	2.506,86 €	668.499,76 €	0,90%
1.336.999,51 €	8.523,36 €	1.336.999,50 €	1,30%
2.673.999,01 €	25.904,35 €	2.673.999,02 €	1,70%
5.347.998,03 €	71.362,33 €	5.347.998,03 €	2,10%
10.695.996,06 €	183.670,29 €	Thereafter	3,50%

AUTONOMUS REGIONS- WEALTH TAX.

In 1980, the financing system of the 17 Autonomous regions of Spain was set up. Since then, each autonomous region has been able to modify the existing general allowances and tax rates. As a result, a person can pay more or less wealth tax depending on what part of Spain they decide to reside in. Please find below a summary of the main differences.

Region	Tax Rate	Tax Threshold
Andalucia	From 0.2% to 2.50%	3.700.000,00 €
Aragon	From 0.2% to 3.50%	700.000,00 €
Asturias	From 0.22% to 3.00%	700.000,00 €
Balearics	From 0.28% to 3.45%	3.000.000,00 €
Canary Islands	From 0.2% to 3.50%	700.000,00 €
Cantabria	From 0.24% to 3.03%	700.000,00 €
Castilla y Leon	From 0.2% to 3.50%	700.000,00 €
Castilla-La Mancha	From 0.2% to 3.50%	700.000,00 €
Cataluña	From 0.21% to 3.48%	500.000,00 €
Extremadura	From 0.3% to 3.75%	500.000,00 €
Galicia	From 0.2% to 2.50%	700.000,00 €
La Rioja	From 0.2% to 3.50%	700.000,00 €
Madrid	From 0.2% to 3.50%	3.700.000,00 €
Murcia	From 0.24% to 3.00%	3.700.000,00 €
Navarra	From 0.16% to 2.00%	550.000,00 €
Basque Country	From 0.2% to 2.00%	700.000,00 €
Valencia	From 0.25% to 3.50%	500.000,00 €

Looking at the summary, it is no surprise that most wealthy residents live in Madrid, although with the recent modifications, they can also now decide to live in other regions, such as Andalusia or Murcia.

Below you will find only the tax tables and allowances for the regions that differ from those of the State.

ANDALUCIA

Although the regional government introduced a 100% bonification on the tax payable, due to the introduction of the Great Fortunes tax, there is a tax payable when the value of net assets is over 3.700.000 euros. Additionally, taxpayers who have assets and rights whose value is over 2.000.000 euros need to submit an informative declaration.

Modification of tax rates:

From €	Cummulative tax	Rest up to	Tax rate
0,00 €	0,00 €	167.150,00 €	0,20 %
167.150,00 €	334,30 €	167.150,00 €	0,30 %
334.250,00 €	835,60 €	334.250,00 €	0,50 %
668.500,00 €	2.506,85 €	668.500,00 €	0,90 %
1.337.000,00 €	8.523,35 €	1.337.000,00 €	1,30 %
2.674.000,00 €	25.904,35 €	2.674.000,00 €	1,70 %
5.348.000,00 €	71.632,35 €	5.348.000,00 €	2,10 %
10.696.000,00 €	183.670,35 €	Onwards	2,50 %

ASTURIAS

Modification of tax rates:

From €	Cummulative tax	Rest up to	Tax rate
0,00 €	0,00 €	167.129,45 €	0,22 %
167.129,45 €	367,68 €	167.123,46 €	0,33 %
334.252,88 €	919,19 €	334.246,87 €	0,56 %
668.499,75 €	2.790,97 €	668.449,76 €	1,02 %
1.336.999,51 €	9.609,67 €	1.336.999,50 €	1,48 %
2.673.999,01 €	29.397,26 €	2.673.999,02 €	1,97 %
5.347.998,03 €	82.075,05 €	5.347.998,03 €	2,48 %
10.695.996,06 €	214.705,40 €	Onwards	3,00 %

BALEARICS

General exemption: 3.000.000 euros.

Modification of tax rates:

From €	Cummulative tax	Rest up to	Tax rate
0,00 €	0,00 €	170.472,04 €	0,28 %
170.472,04 €	477,32 €	170.465,00 €	0,41 %
340.937,04 €	1.176,23 €	340.932,71 €	0,69 %
681.869,75 €	3.528,67 €	654.869,76 €	1,24 %
1.336.739,51 €	11.649,06 €	1.390.739,49 €	1,79 %
2.727.479,00 €	36.543,30 €	2.727.479,00 €	2,35 %
5.454.958,00 €	100.639,06 €	5.454.957,99 €	2,90 %
10.909.951,99 €	258.832,84 €	Onwards	3,45 %

CANTABRIA

Modification of tax rates:

From €	Cummulative tax	Rest up to	Tax rate
0,00 €	0,00 €	167.129,45 €	0,24 %
167.129,45 €	401,11 €	167.123,43 €	0,36 %
334.252,88 €	1.002,75 €	334.246,87 €	0,61 %
668.499,75 €	3.041,66 €	668.449,76 €	1,09 %
1.336.999,51 €	10.328,31 €	1.336.999,50 €	1,57 %
2.673.999,01 €	31.319,20 €	2.673.999,02 €	2,06 %
5.347.998,03 €	86.403,58 €	5.347.998,03 €	2,54 %
10.695.996,06 €	222.242,73 €	Onwards	3,03 %

CATALUÑA

General exemption: 500.000 euros

Modification of tax rates:

From €	Cummulative tax	Rest up to	Tax rate
0,00 €	0,00 €	167.129,45 €	0,21 %
167.129,45 €	350,97 €	167.123,43 €	0,31 %
334.252,88 €	877,41 €	334.246,87 €	0,52 %
668.499,75 €	2.632,21 €	668.500,00 €	0,94 %

1.336.999,75 €	8.949,54 €	1.336.999,26 €	1,36 %
2.673.999,01 €	27.199,58 €	2.673.999,02 €	1,78 %
5.347.998,03 €	74.930,46 €	5.347.998,03 €	2,20 %
10.695.996,06 €	192.853,82 €	9.304.003,94 €	2,75 %
20.000.000,00 €	448.713,93 €	Onwards	3,48 %

EXTREMADURA

General exemption: 500.000 euros.

Special exemptions for disabled people:

- 600.000 euros if the degree of disability is between 33% and 50%.
- 700.000 euros if it is between 50% and 65%.
- 800.000 euros if the disability exceeds 65%.

Modification of tax rates:

From €	Cummulative tax	Rest up to	Tax rate
0,00 €	0,00 €	167.129,45 €	0,30 %
67.129,45 €	501,39 €	167.123,46 €	0,45 %
334.252,88 €	1.253,44 €	334.246,87 €	0,75 %
668.499,75 €	3.760,30 €	668.449,76 €	1,35 %
1.336.999,51 €	12.785,04 €	1.336.999,50 €	1,95 %
2.673.999,01 €	38.856,53 €	2.673.999,02 €	2,55 %
5.347.998,03 €	107.043,51 €	5.347.998,03 €	3,15 %
10.695.996,06 €	275.505,45 €	Onwards	3,75 %

GALICIA

Modification of tax rates:

From €	Cummulative tax	Rest up to	Tax rate
0,00 €	0,00 €	167.129,45 €	0,20 %
167.129,45 €	334,26 €	167.123,46 €	0,30 %
334.252,88 €	835,63 €	334.246,87 €	0,50 %
668.499,75 €	2.506,86 €	668.449,76 €	0,90 %
1.336.999,51 €	8.523,36 €	1.336.999,50 €	1,30 %
2.673.999,01 €	25.904,35 €	2.673.999,02 €	1,70 %

5.347.998,03 €	71.362,33 €	5.347.998,03 €	2,10 %
10.695.996,06 €	183.670,29 €	Onwards	2,50 %

MADRID

Although the regional government introduced a 100% bonification on the tax payable, due to the introduction of the Great Fortunes tax, there is a tax payable when the value of net assets is over 3.700.000 euros. Additionally, taxpayers who have assets and rights whose value is over 2.000.000 euros need to submit an informative declaration.

MURCIA

General exemption: 3.700.000 euros.

Modification of tax rates:

From €	Cummulative tax	Rest up to	Tax rate
0,00 €	0,00 €	167.129,45 €	0,24 %
167.129,45 €	401,11 €	167.123,43 €	0,36 %
334.252,88 €	1.002,75 €	334.246,87 €	0,60 %
668.499,75 €	3.008,23 €	668.449,76 €	1,08 %
1.336.999,51 €	10.228,03 €	1.336.999,50 €	1,56 %
2.673.999,01 €	31.085,22 €	2.673.999,02 €	2,04 %
5.347.998,03 €	86.634,80 €	5.347.998,03 €	2,52 %
10.695.996,06 €	222.404,35 €	Onwards	3,00 %

VALENCIA

General exemption: 500.000 euros

Special exemption for disabled people: 1.000.000 euros for taxpayers with mental disabilities with a degree of disability equal to or greater than 33% and for taxpayers with physical or sensory disabilities with a degree of disability equal to or greater than 65%.

BASQUE COUNTRY

General exemption Alava and Bizkaia: 800.000 euros

General exemption Gipuzkoa: 700.000 euros.

Tax rates:

From €	Cummulative tax	Rest up to	Tax rate
0,00 €	0,00 €	800.000,00 €	0,20 %

800.000,00 €	1.600,00 €	800.000,00 €	0,60 %
1.600.000,00 €	6.400,00 €	1.600.000,00 €	1,00 %
3.200.000,00 €	22.400,00 €	3.200.000,00 €	1,50 %
6.400.000,00 €	70.400,00 €	6.400.000,00 €	1,75 %
12.800.00,00 €	182.400,00 €	Onwards	2,00 %

NAVARRA

General exemption 550.000 euros.

Exemption of habitual residence: 250.000 euros.

Tax rates:

From €	Cummulative tax	Rest up to	Tax rate
0,00 €	0,00 €	155.511,88 €	0,16 %
155.511,88 €	248,82 €	155.511,88 €	0,24 %
311.023,76 €	622,04 €	311.023,76 €	0,40 %
622.047,53 €	1.866,13 €	622.047,53 €	0,72 %
1.244.095,06 €	6.344,87 €	1.244.095,06 €	1,04 %
2.488.190,11 €	19.283,46 €	2.488.190,11 €	1,36 %
4.976.380,22 €	53.122,84 €	4.976.380,22 €	1,68 %
9.952.760,45 €	136.726,02 €	1.051.024,05 €	2,00 %
11.003.784,50 €	157.746,50 €	Onwards	3,50 %

III. GREAT FORTUNES TAX

The Spanish government approved, just before the end of 2022, a new temporary and complementary tax named "Impuesto Temporal de Solidaridad de las Grandes Fortunas", this tax is almost identical to wealth tax, and it is payable even in the regions where the regional governments provide full bonifications.

It was initially approved for 2022 and 2023 but the current legislation states that it is applicable until there is a review of the funding system of the autonomous regions. In other words, until the elected politician decides to remove it.

The most important conditions of this tax are that:

- It is an additional tax to the wealth tax.
- It is only subject to taxation on net wealth that exceeds 3 million Euros per person, with an additional exemption of 700.000€ and for Spanish tax residents an additional 300.000€ on the main home.
- The amount paid for wealth tax is deducted from the great fortune tax.
- If the wealth tax payable amount is equal or higher than the great fortunes tax, the great fortunes tax does not apply.
- The rulings of this tax are the same as the wealth tax (taxable income, exemptions, taxpayers, etc.).

From €	Cummulative tax	Rest up to	Tax rate
0 €	0 €	3.000.000 €	0 %
3.000.000 €	0 €	2.347.998,03 €	1,70 %
5.347.998,03 €	39.915,17 €	5.347.998,03 €	2,10 %
10.695.996,06 €	152.223,93 €	Onwards	3,50 %

IV. OTHER CONSIDERATIONS

Assets and their valuation

The assets that need to be declared are the ones owned on 31 December of the year, less the value of any debts. These assets and liabilities are to be valued as follows:

Type of asset or liability	Valuation rule (2)
Real estate	At the higher of: a) Cost b) Official assessed value from inspection c) Valor catastral (only for properties in Spain) d) From 2022 reference value (valor de referencia, only for properties in Spain).
Bank accounts	At the higher of: balances at 31 December - the 4 th quarter of the year average balances.
Investments, UCITS, SICAVs, unit trusts, publicly quoted shares	At their average value during the last quarter of the year.
Cryptocurrencies	
Insurance bonds	At their market value on 31 December.
Loan assets	
Non-Spanish personal pension scheme funds, QROPS, SIPPs (1)	
Private company shares	If subject to an audit report, the company's balance sheet value is used. Otherwise, the value is the higher of: a) the nominal value of the shares. b) 5 times post tax profits, averaged over last 3 years. c) Net asset value per balance sheet.
Insurance policies (not investment bonds) and lifetime and temporary annuities	Capital value of the fund or the capitalised value of the income stream, capitalised according to official interest rates.
Works of art	At their Euro value on 31 December.
Jewellery, precious metals, stones, and other assets	
Cars and boats and planes	According to official tax office value schedules.
Debts including income tax, personal and property loans, unsecured or secured	At their Euro value on 31 December.

* In the case of foreign assets, the value is translated into Euros at the rate applicable on the date(s) specified in the valuation rule.

Tax optimization

As with all complex tax systems, it is easy to make the mistake of not organising your affairs to use the exemptions and allowances that the law provides. Wealth tax is particularly complex in this respect and special care is needed in the following areas:

1. In the case of business assets, ensuring that the taxpayer qualifies for the exemption according to the regulations.

2. Ensuring that pension assets are treated correctly.
3. Organising investments and investment income to make the best use of wealth tax limiting factors.

Limit between income and wealth tax/great fortunes tax

To avoid people with low annual income having to pay the full wealth tax /great fortune tax, the tax legislation includes a rule so that the overall tax liability of an individual is limited to a certain amount. This means that your wealth, great fortunes, and personal income taxes combined cannot be more than 60% of your overall taxable income.

However, a full reduction does not apply if your income is nil, in this case, there is a minimum wealth tax payable of 20% of the total wealth tax initially due.

It is worth mentioning that capital gains produced by assets held for more than one year are not taken into account to calculate this limit. In essence, these do not count as income for this calculation.

Furthermore, this calculation does not include non-productive assets (such as vehicles or the main home).

To find out more on these matters, please check our articles which you will find on the following links to our website.

- <https://www.spenceclarke.com/articles/spains-new-wealth-tax/>
- <https://www.spenceclarke.com/articles/wealth-tax-just-when-you-thought-spain-was-moving-in-the-right-direction/>
- <https://www.spenceclarke.com/articles/spains-new-national-tax-on-wealth/>

Spence Clarke specialises in Spanish tax, accounts, law and labour services, mainly to foreigners in Spain and Spanish nationals with international interests. Our cross-border knowledge helps clients adapt to the Spanish system with the minimum of doubt and disruption. If you have any questions about this guide or any other matter [contact us](#), with no obligation, to see how we can help you. The contents of this guide are for general information only and provided without any responsibility and must not be relied upon without taking formal and specific advice from a suitably qualified professional adviser.