



tax accounts law and labour

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## Table of Contents

M036/M037 .....	3
M100.....	3
M111.....	4
M115.....	4
M123.....	5
M130.....	5
M179.....	6
M180.....	7
M190.....	7
M193.....	7
M200.....	8
M202 (normal) .....	8
M202 (actual) .....	9
M210.....	9
M216.....	10
M232.....	10
M296.....	11
M303.....	11
M303 (monthly).....	11
M347.....	12
M349.....	12
M390.....	13
M714.....	13
M718.....	14



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M720.....	14
M721.....	145

## GUIDE TO THE MOST COMMON SPANISH TAX DECLARATIONS

### A BRIEF FOREWORD

It will come as no surprise that Spain's famously bureaucratic system has a truly rich array of tax forms that have to be filed by businesses and individuals.

In this article we list and explain in brief terms the 20 odd most common tax forms that can apply to small scale businesses, whether companies or self employed individuals. For the purposes of tax regulations, 'small scale' generally applies to businesses with annual sales of less than 6 million euros. Larger businesses often have to use different tax forms to file and have to file more frequently.

The lowest possible number of business tax declarations (one) applies in the case of a self employed individual who collaborates with Spanish businesses in an IVA exempt sector, e.g. financial services.

The highest number of tax declarations required each year for a small business would occur in the case of extensive trading within Europe, in which case the number of tax declarations could easily exceed 30 each year.

The typical number of tax declarations that have to be filed each year for a small business varies between 15 and 22.

At the last count Spain has 142 types of tax declaration of which 45 are for information only, i.e. no tax being payable.

The filing deadlines are mentioned below under each tax declaration's description. If a deadline falls on a weekend or a national, regional or local holiday, the deadline is moved to the next working day.

The filing of tax declarations is now almost exclusively done online. When payment of tax is involved with the tax filing, the tax office will direct debit the bank account quoted in the declaration. However, for this system to work properly the filing of the declaration must be done at least 5 days before the normal



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deadline. In the case that the 5 day limit is missed an NRC must be obtained from the bank to enable the tax office to process the payment. The NRC can also be obtained electronically using the individual's or company's digital certificate.

### **M036/M037**

Used to register, deregister and modify the various elements of business tax registrations.

The M036 covers all possible scenarios and types of business and runs to 11 pages long!

The M037 is the abbreviated version for simpler business registration situations and is only 4 pages long.

### **M100**

This is the annual personal income tax declaration. Individuals have to file this during the months April-June following the income tax year.

There are a two important exemptions (greatly simplified):

- Persons who have received income from a single Spanish employer and have earned less than 22.000€ do not have to file the M100. However, it is often beneficial to do so to obtain repayment of income tax deducted from salary.
- Persons whose total income from multiple sources has not exceeded 15.000€. This exemption is often beneficial to foreign pensioners who only receive a state pension that is below this limit.

Self employed persons must always file the M100 annual income tax declaration.

In the M100, in addition to providing detail of income and capital gains from all worldwide sources, a self employed person has to provide an analysis of business income and deductible expenditure.

For expenses to be deductible, expenditure needs to be properly documented and necessary for the generation of business income. In general terms, expenditure that has mixed personal and business use is not usually allowed, making, for example, car expenses and the costs of an office at home particularly



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problematical.

Tax payable can optionally be spread into two payments, 60% on the day the M100 is presented with 40% being delayed until the start of November. No interest is payable on the delayed 2nd payment.

### **M111**

This is a quarterly declaration of tax withheld from employee salaries and also from invoices rendered by self employed professionals, e.g. a lawyer, a website designer or a self employed agent.

In the case of the self employed, the amount of tax to be withheld should appear as deduction in the invoices issued.

The filing is due between 1st and 20th of April, July, October and January.

The annual equivalent of this declaration is the M190.

### **M115**

This is the quarterly declaration for tax withheld from rent paid to landlords. The amount of tax to be withheld should appear as a deduction in the rent invoices issued by the landlord.

For smaller business, the filing is due between 1st and 20th of April, July, October and January.

Withholding tax obligations exemptions apply to:

- Some landlords (e.g. commercial centre owners) are exempt from withholding tax but you must obtain from the landlord a tax certificate annually accrediting the exemption.
- Where rent payments to a particular landlord will not exceed 900€ for the tax year.
- For rental payments made on residential property to be used by the employees of the business.
- Residential rentals between individuals.



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The annual equivalent of this declaration is the M180.

### **M123**

This quarterly declaration is used to pay over tax withheld from dividends, interest, royalties and similar payments, to Spanish tax residents.

The filing is due between 1st and 20th of April, July, October and January.

The annual equivalent of this declaration is the M193.

### **M130**

Most self-employed persons must present quarterly profit declarations and pay income tax on account each quarter.

The filing is due between 1st and 20th of April, July and October and, for January, between 1st and 20th of January.

In the M130 total invoiced income and expenses for the year to date are declared and the net profit so calculated is then subject to income tax at the flat rate of 20%. The tax paid is a payment on account of the total annual income tax charge that is calculated when the M100 is submitted. The 20% rate can be voluntary increased if necessary to reduce the annual tax payable, this may be suitable for high annual earnings.

A self-employed person is exempt from this quarterly tax filing and payment obligation if 70% or more of business income has been subject to withholding income tax (commonly known in Spain as retenciones). Retenciones, usually at 15%, are deducted when businesses pay self-employed persons.

In their invoices to businesses, self-employed persons must show the amount of retenciones that should be withheld. Here is an example of what might appear on an invoice:



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Fee for work done	100 €
IVA at 21%	21 €
IRPF retenciones at 15%	15 €
Net invoice payable	106 €

Newly set up businesses may elect to reduce retenciones to 7% for the first two years of business activity. However, this option may give rise to an excessively high annual income tax payment for the new business when the M100 is filed because the income tax paid in advance may fall very short of what is eventually payable.

## M179

Intermediaries acting as Spanish holiday home rental agents are required to file the M179 declaration annually.

The filing deadline is from 1 to 31 January each year.

This is a declaration that reports the rental arrangements that the intermediary has been involved with. Essentially, the declaration provides the catastral reference of the Spanish property, the identity of the property owner, the days of rental and the rent receivable by the property owner.

This obligation applies not only to online intermediaries like Airbnb and Owners Direct but also to conventional property rental agents, whether established in Spain or in any other country. The definition of 'intermediaries' is very broad and includes any person or entity who provides a service, whether paid or not, that facilitates contact between property owners and potential users of holiday accommodation in Spain.

The declarations have to be filed in respect of the usage of rental properties that commenced during the preceding year.

The M179 was introduced in 2018 to bring to an end extensive tax evasion in the Spanish holidays rentals sector. The sanctions for non compliance and for errors in declarations are severe with a fines of up to



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600,000€ being assessed in the case of total failure to file the quarterly declaration.

### **M180**

This is the annual summary informative declaration of rental payments made to landlords that supplements the M115 quarterly tax declaration.

It is due for filing by the 31st January.

The same exemptions apply as in the case of the M115.

### **M190**

This is the annual summary informative declaration of employee salaries and invoices rendered by self employed professional. It complements the M111 quarterly tax declaration.

It is due for filing on the 31st January.

The information declared lists the names of the employees and self employed persons and the total amounts payable to them for the tax year, which must reconcile with the amounts declared and withholding tax paid to the tax office via the M111.

### **M193**

This is the annual summary informative declaration of tax withheld from dividends, interest, royalties and similar payments to Spanish tax residents. It complements the M123 quarterly tax declaration.

It is due for filing on the 31st January.

The information declared lists the names and the total amounts payable for the tax year, which must reconcile with the amounts declared and withholding tax paid to the tax office via the M123.



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## M200

Companies, Spanish branches of foreign companies and other business entities, including some non-business entities like charities, are required to file an annual corporation tax declaration.

It is due for filing between 1 and 25 July in respect of the preceding tax year. In the case of non calendar year accounting year ends the deadline is the 1st to 25th of the seventh month following the accounting period conclusion.

This is a complex declaration with 21 pages that requires declaration of the extensive details of the entity, its shareholders, directors, nature of business and any special tax regimes that might apply to the entity.

The profit and loss account and balance sheet of the business entity are incorporated into the declaration together with details of non-accounting adjustments to profit. Such adjustments include various incentive deductions, tax credits, tax payments on account, double tax reliefs and tax retained by other parties, deductions, and previous year loss reliefs, which are all applied to calculate the profit of a business for corporation tax purposes.

The general rate of corporation tax is 25% (23% from 2023 for companies with turnover below 1m €) with a reduced rate of 15% for newly set up companies for the first year of profit and the following year (subject to certain conditions).

## M202 (normal)

A business that is subject to corporation tax, i.e. subject to the annual M200 filing, is also subject to the filing of the M202 to declare and pay periodic amounts on account of the total annual corporation tax due at the end of the tax year.

Tax payable is calculated at 18% of the amount declared in the M200 for the previous year, before deducting payments on account and other tax credits that reduced the total tax payable for that year.

The M202 is filed between the 1st and 20th of April, October and December.

This filing is not required if the previous year corporation tax declaration did not show a profit.





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## M202 (actual)

By election, a business may choose to pay corporation tax based on its actual profits of the year in progress. The dates for filing and payment are the same as the normal M202.

This is usually a favorable choice to make if business profits for the year in course are likely to be less than the previous year. An example of this might be a property developer who sells a property in 2022 and makes a profit but in 2023 does not expect a sale to take place. Opting for the M202 (actual) regime will avoid paying tax that will have to be reclaimed with the average delay of up to a year before the repayment materialises.

The downside is that profits must be calculated accurately during the year in progress and accounting adjustments normally made annually are required for each of the three periodic filings. This can be time consuming and requires a more disciplined approach to bookkeeping.

## M210

This tax declaration applies to the income of non resident persons or entities who do not have a permanent establishment in Spain.

Typically these types of income are declared and the deadline for presentation tax payable are:

- Rental income from residential, commercial and holiday lettings. Deadline: From 2024, annually, before 20 January of the year following..
- Annual deemed rental income on owner occupied residential property. Deadline: Before 31 December of the year following.
- Capital gains from the sale of Spanish property or other Spanish assets where not exempted by a double tax treaty. Deadline: Within 4 months of the date of sale.
- Business activities subject to tax in Spain, e.g. performing artists and sports persons. Deadline: 30 days after income was received.
- Dividends, interest and royalties not exempted by a double tax treaty. Deadline: January 20, April 20, July 20 or October 20, depending on the quarter the income has been received.
- All other types of income not covered by other non resident tax declarations. Deadline: Depends on the type of income. Contact Spence Clarke for details.



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In most cases the tax declaration has to be filed by the appointed fiscal representative of the tax payer.

For more information about the non-resident tax obligations of owning a property in Spain, please have a look at our detailed guide in this respect:

<https://www.spenceclarke.com/wp-content/uploads/guides/a-guide-to-spanish-taxation-on-property-ownership-by-non-resident-individuals.pdf>

## **M216**

This tax declaration is used by Spanish resident businesses to pay over tax withheld from income paid to non resident persons and entities. Examples of such income are dividends, interest, royalties, salaries and fees.

The M216 is filed between the 1st and 20th of April, July, October and January.

The annual equivalent of this declaration is the M296.

## **M232**

This is a relatively recent and important addition to the tax declarations that have to be filed by businesses in Spain. It is a new measure that the Government is employing to try to control tax fraud in Spain.

This is an informative declaration with no tax payable and it is due for filing by the 30 November in respect of the previous tax year.

The information that has to be filed relates to transactions between related parties (a company and its shareholders or directors) and transactions involving tax havens.

Various limits apply exempting small transactions from being declared but there is no exemption in the



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case of transactions involving tax havens.

### **M296**

This is the annual summary informative declaration of rental payments made to landlords that supplements the M216 quarterly tax declaration.

It is due for filing by the 31 January.

### **M303**

This is the periodic VAT declaration that is filed monthly or quarterly depending on the size of the business and other factors. The declaration calculates VAT payable or repayable for the period of the declaration.

In the case of a quarterly declarations, overpaid VAT (i.e. VAT paid on expenses is higher than charged on sales) must be carried forward until the next quarter, except in case of the 4 quarter of the tax year when the M303 is used to request a repayment.

Businesses that regularly receive VAT repayments may also opt for monthly filing, explained below.

The M303 is filed between the 1st and 20th of April, October and December and 30 January.

### **M303 (monthly)**

The same tax declaration as mentioned in the previous section but the monthly filing deserves its own explanation.

Monthly filing is mandatory for large scale businesses and for any business that has voluntarily registered in the monthly VAT repayment system.

Another aspect of the M303 monthly filing requirement is that it is synonymous with the SII (Suministro Inmediato de Información) system. This system requires that the business maintains its VAT register for income and expenses using an online link to the tax office. In effect that tax office maintains your VAT



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Filing is required on the last day of each month for the preceding month.

Income must be registered within 4 business days from the issue date.

Expenses must be registered within 4 business days from the bookkeeping date.

### **M347**

This is an informative and especially important declaration in the business taxation world.

All businesses must declare the identity of all customers and suppliers with whom they have had transactions during the tax year that have totaled 3.005,06€ in the tax year.

This obligation to declare is exempted in the following cases:

- Business who are subject to the SII system (see M303 monthly)
- Suppliers whose information is declared in the M180, M190 and M349.

The filing deadline is 28 February for the previous year.

### **M349**

If a Spanish business buys or sells goods or services to VAT registered businesses in other EU countries it must submit this informative declaration. It is mandatory to be properly registered at the intracommunity system (ROI) as an operator.

Note that it is also a requirement for businesses involved with EU trading to register as an intra-community trader. Failure to do so will result in fines in Spain and suppliers based in other EU countries will have to charge local VAT that cannot be recovered in Spain, leading to extra costs.



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In terms of when the declaration must be filed, this may be monthly, quarterly or annually, depending on the annual sales income of a business and its monthly and quarterly intra-community sales income.

- Monthly – If a business that has annual intra-community sales that exceed 50.000€ p.a.
- Quarterly – Applies in the case that intra-community sales are less than 50.000€ p.a.
- Annually – If a business has total (EU and non EU) sales that are less than 35.000€ p.a., of which less than 15.000€ are goods sold to the EU and the business does not sell cars.

No filing is required if there are no intra-community transactions during the month/quarter.

The M349 is filed between the 1st and 20th of April, July, October and December.

### **M390**

This is the annual summary declaration of VAT transactions and is linked to the M303 and M349 periodic declarations.

Large scale and other businesses that have to file the monthly M303 are always also subject to the SII regime, and as a result are exempt from filing this annual declaration.

The declaration details sales and expenses at the various VAT rates, intra-community and extra-community imports and exports of goods, fixed assets and services, triangular goods transactions, intra-group transactions, exempt transactions, bad debt relief, special regimes like agriculture, second hand goods, travel agents, cash accounting and the pro-rotta system. It is a technically complex declaration, which is evidenced by the guide issued by the tax office that runs to 62 pages.

### **M714**

When a person has net wealth that exceeds to personal exemption limits, a wealth tax declaration has to be filed.

Net wealth is calculated as the difference between the value of assets and liabilities. Assets are valued according to various rules depending on the type of asset.



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The personal exemption limits vary considerably according to the region of Spain. The state version of the tax exempts the first 700.000€ of general wealth plus 300.000€ of your home value.

This declaration has also to be filed in the case that assets exceed 2 million euros, regardless of personal exemptions and even if no tax has to be paid.

Please see our general tax guide for more details. <https://www.spenceclarke.com/wp-content/uploads/2024-Tax-tables-1.pdf>

### **M718**

This is a temporary tax introduced by the central government that is supposed to be in place only for the years 2022 and 2023.

It is very similar to the M714 described above, however the general exemption is 3.000.000€ plus 700.000€ allowance for tax residents and additional 300.000€ of your home value. If an individual has to pay M714, the tax paid is used as a credit against this M718.

Please see our general tax guide for more details. <https://www.spenceclarke.com/wp-content/uploads/2024-Tax-tables-1.pdf>

### **M720**

This is an informative tax declaration that has to be filed by individuals who are resident in Spain and have assets outside of Spain.

For full details of this please see our FAQs <https://www.spenceclarke.com/articles/m720-faqs/> and this article <https://www.spenceclarke.com/articles/i-filed-a-m720-last-year-do-i-have-to-file-again-this-year/>



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## M721

This is an informative tax declaration that has to be filed by individuals who are resident in Spain and have investments in cryptocurrency outside Spain.

For full details of this please see our guide in this respect:

<https://www.spenceclarke.com/wp-content/uploads/M720-and-721.pdf>