

Spain

Tax Structure for Digital Nomads

1. Digital Nomad Visa (Beckham Law/Special Impatriate Regime)

- Eligibility: Available to individuals who have not been tax residents in Spain in the previous five years and who work remotely for non-Spanish companies.
- Duration: Valid for five years, with possibility of extension.
- Income Tax Rate: 24% flat rate on Spanish-source income up to €600,000 (47% for income exceeding this amount).
- Foreign Income Treatment: • Foreign-source income is taxed in Spain (no exemption). • Dividend and capital gains income taxed at scaled rates from 19% to 26%.
- Qualifying Professions: Covers remote workers, entrepreneurs, and professionals working for companies outside Spain or with limited Spanish client activity.

2. Standard Tax Regime (Without Special Regime)

- Progressive Income Tax Rates (2024): • Up to €12,450: 19% • €12,450 - €20,200: 24% • €20,200 - €35,200: 30% • €35,200 - €60,000: 37% • €60,000 - €300,000: 45% • Above €300,000: 47%
- Regional Variations: Tax rates may vary by autonomous region.
- Social Security Contributions: • Employees: Approximately 6.35% of gross salary. • Self-employed: Minimum €230-€500 per month depending on chosen base.

3. Business Structures

- Autónomo (Self-Employed): Personal income tax rates apply.
- Sociedad Limitada (SL/Limited Company): 25% corporate tax rate, plus dividend taxation.
- Simplified Regime: Available for businesses with annual turnover under €700,000.
- Módulos System: Lump-sum taxation available for specific activities with turnover under €150,000.

4. Value-Added Tax (IVA)

- Standard Rate: 21% (mainland), reduced rates of 10% and 4% for certain goods/services.
- Registration Threshold: No minimum threshold; registration required from first transaction.
- Digital Services: Special rules for cross-border digital service provision.
- Quarterly Filing: Standard quarterly filing requirement.

Digital Nomad-Friendly Provisions

1. Digital Nomad Visa

- Purpose: Specific residence permit for remote workers.
- Requirements: Proof of regular income at least 200% of minimum wage, health insurance, and clean criminal record.
- Tax Advantage: Can be combined with Beckham Law for favorable tax treatment.
- Duration: Initially one year, renewable for two-year periods.

2. Special Regional Incentives

- Canary Islands Special Zone (ZEC): • 4% corporate tax rate (vs. mainland 25%). • VAT rate of 7% (vs. mainland 21%). • Requires minimum investment and job creation.
- Basque Country and Navarra: • Autonomous tax regimes with potentially favorable conditions. • Special credits for innovation activities.

3. Deductions & Credits

- Home Office Expenses: • Partial deduction of utilities and internet. • Equipment purchases deductible.
- Professional Development: • Education and training expenses deductible if business-related. • Conferences and professional association fees deductible.

4. Startup/Tech Incentives

- Startup Law (2023): • Reduced corporate tax rate of 15% for new companies. • Tax credits for R&D activities. • Stock option tax advantages.
- Tech Investment Incentives: • Income tax deductions for investing in new tech companies. • Special capital gains treatment.

5. Social Security Considerations

- Flat-Rate System: Special reduced flat rates for new self-employed individuals for first 24 months.
- Reduced Contributions: Option to contribute based on chosen income threshold.
- Monthly Payments: Fixed monthly payment system regardless of actual income.
- EU Social Security Agreements: Coordination with other EU countries to avoid double contributions.

6. Banking & Foreign Income

- Euro Banking Benefits: Lower transfer fees within the SEPA zone.
- Foreign Income Rules: • Worldwide income taxation principle. • Foreign tax credits available to avoid double taxation.