

Spain Amends CIT, PIT Regulations Following Amendments Introduced by Budget Law 2023, Start-up Law

11 December 2023

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Spain has introduced certain amendments to personal income tax regulations (PIT regulations) and corporate income tax regulations (CIT regulations), following amendments introduced to the Personal Income Tax Law with Law 31/2022, of 23 December 2022 (Budget Law) and Law 28/2022 of 21 December 2022 (Start-up Law). For previous reporting, see [Budget 2023: Spain Slashes CIT for Small Corporations, Amends PIT Rates, Allowances \(3 January 2023\)](#) and [Government Approves Start-up Law for Emerging Companies, Provides Tax Incentives for Individuals \(14 December 2022\)](#).

CIT Regulations

Royal Decree 634/2015 of 10 July 2015, on corporate income tax regulations, see [Corporate income tax regulations published – country-by-country reporting \(17 July 2015\)](#), is amended to exclude certain payments from withholding tax, e.g. payments on account of the interest received by a central counterparty entity and its members arising from (i) the guarantees constituted under the provisions of Law 6/2023, of 17 March 2013, (ii) on securities markets and investment services under [Regulation \(EU\) No 648/2012, of 4 July 2012](#), and (iii) on over the trade counter (OTC) derivatives, central counterparties and trade repositories.

PIT Regulations

Royal Decree 439/2007, of 30 March 2007, on individual income tax regulations, see [New individual income tax regulations approved \(3 May 2007\)](#), is amended as set out below:

- increase of the threshold for filing individual income tax returns to EUR 15,000 for taxpayers earning employment income from more than one employer or to which other qualifying conditions apply;
- broadening of the motherhood allowance (an annual reduction from tax due of up to EUR 1,200 for each child under 3 years) to include mothers who, at the time of the child's birth, benefit from unemployment contributions or who are registered with a social security or mutual insurance scheme, or who, at any time after birth, are registered with a social security or mutual insurance scheme for at least 30 contributing days. The PIT regulations clarify that, instead of the date of birth of the child, in cases of adoption, permanent foster care or delegation of foster care for cohabitation, the starting date of the allowance would be the date of registration in the Civil Registry or, where appropriate, the date of the judicial or administrative resolution;
- extension of the inbound expatriates regime (under which qualifying individuals acquiring a tax residence in Spain may opt to be taxed as non-residents while maintaining their status as taxpayers of the personal income tax) to teleworkers, corporate administrators, innovative entrepreneurs, highly qualified professionals or taxpayers who carry out training, research, development and innovation activities. The PIT establishes that taxpayers who acquire their tax residence in Spain in the tax period 2023, as a result of moving to Spain in 2022 or 2023 will have 6 months to opt for this regime once the order approving the model is in force;
- incorporation of the stock option annual exemption of EUR 50,000 on the delivery of shares or participations to employees, of start-up companies, establishing that, in this case, it is not required that the offer is made under the same conditions for all employees; and
- inclusion of the 7% withholding tax rate applicable to income from work derived from literary, artistic or scientific works if certain conditions are met (otherwise, the general withholding tax of 15% applies).

This update is provided in the Royal Decree 1008/2023, of 5 December 2023, which entered into force on 7 December 2023 is available [here](#) (as a PDF and in Spanish).

Spain - Spain Amends CIT, PIT Regulations Following Amendments Introduced by Budget Law 2023, Start-up Law (11 Dec. 2023), News IBFD.

Exported / Printed on 8 Mar. 2024 by hkermadi@deloitte.lu.