

TAX OF PROPERTIES USED WITH TOURISTIC PURPOSES



Properties used with touristic purposes are those located in residential land, where the accommodation service is offered by means of a price, on a regular basis, and for tourism purposes.

It will be presumed that there is a usual and touristic purpose when the property is commercialized in touristic rental channels, such as travel agencies, companies that mediate or organize rental services and channels that include the possibility of booking accommodation.

Excluded are properties that are ceded without economic consideration, those contracted for a period exceeding 2 months, computed continuously by the same user; those located in rural areas; and groups consisting of three or more dwellings of the same owner, that are located in the same property or group of properties.

REQUIREMENTS FOR REGISTRATION

The main requirements that a property with touristic purposes has to fulfill, to register the dwellings at

the Tourist Accommodation Registry of its community, are the following:

- Be the owner or the official operating company
- Have an occupation license
- Direct ventilation outside
- Be furnished and equipped with the necessary appliances and equipment
- Cooling and heating
- First aid kit
- Tourist information of the area
- Have claims and complaint sheets
- Check-in and check-out cleaning
- Household goods
- Provide users with telephone assistance to resolve queries
- The admission of pets
- Where appropriate, restrictions on smokers, amongst others.



Our objective is to guarantee that your interests are protected at all times.



UPDATES ON TAX

The legislation on rentals for non-residential use has been updated after the changes made by the Spanish legal authorities. The irruption of collaborative economy has led to modifications on how to apply taxes to private holiday leases. It has also created an opportunity for Tax Authorities to receive more information about who is renting (Spanish tax residents and non-residents), and to whom they must claim the payment of the tax.

The objectives of these changes are:

- To prevent tax fraud
- Obtain information about who generates incomes through collaborative platforms

RELEVANT LEGISLATION

The legislation that affects holiday home rentals includes:

ECONOMIC ACTIVITY TAX

Individuals that carry out business activities should be registered as an entrepreneur, being subject of this tax. However, if their net turnover is

lower than € 1,000,000 they will be exempt from this tax and any registration obligation.

PERSONAL INCOME TAX FOR SPANISH RESIDENTS

Any income originated by the leasing of touristic dwellings will be generally considered as a return on capital assets. The rental income must be declared in the annual personal income tax return.

PERSONAL INCOME TAX FOR NON RESIDENTS

The income obtained will be considered taxable, when the real estate asset is located in Spain. The tax rate will depend on the nationality of the tenant (19%-24%).

Related expenses could be considered as deductible if some requirements are met (insurance policy, depreciation, taxes, etc.).

The payment of the taxes should be made on a quarterly basis through the Tax Return 210 when gains are obtained.

Owners of a not rented real estate property should recognized a deemed income in the annual non-resident personal income Tax Return 210.

INDIRECT TAXATION

Persons who lease touristic dwellings are considered for the purposes of VAT entrepreneurs. Therefore, they will only have to pay VAT if they provide hospitality services (catering, room-service, laundry, etc.).

If the lease is exempt of VAT, the

declaration will not be necessary, however, the tenant will have to pay ITP.

If the owner of the property decides to transfer the property use to a company, to carry out its rental exploitation, the owner will be obliged to pay VAT to the Tax Authorities. The owner will have to register at the Tax Administration and submit VAT Tax Return 303.

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