



ROSE
Financial Planning

A GUIDE TO SPANISH 'WEALTH TAX'

- WHAT IS IT AND HOW IS IT CALCULATED?**
- AND HAS IT NOW BEEN ABOLISHED?**

What is it and How is it calculated?

There are 2 elements of taxation that are generally classified as 'Wealth Tax' and they are returned at the same time and on the same form.

- 1) Patrimonio is calculated at 0.2%, up to €167,129.45 and on a sliding scale thereafter based on the highest of the three following values;
 - i) Valor Catastral (rateable value)
 - ii) Any revised value imposed by the tax authorities
 - iii) Escritura value
- 2) The income tax element (Renta) is calculated at 24% of 2% of the valor catastral (1.1% if it has been revised since 1st January 1994 or 2% if not).

The simplified Form 214 can only be used if just one property is owned and a separate declaration has to be made in respect of each person named in the title deed with the base upon which the taxes are calculated divided by the number of owners. The taxes can be paid at any time during the year following that in which they become due at any bank.

If more than one property with a different referencia catastral is owned (even if it is just a lock-up or a garage) the declarations have to be effected on Form 714 for the patrimonio and Form 210 for the renta and the declaration has to be made from the 1st May to 30th June in the year following that for which the taxes are due. It is still individual declarations for each owner. All of the properties may be listed on one form 714 for the patrimonio but a separate form has to be submitted for each property in respect of the renta.

If you rent out your property you should pay separate taxes on these rentals pro rata according to the number of days that it is rented.

If you use the figures as instructed AEAT (Hacienda) cannot challenge your declaration just because the valores catastrales have not been revised. This is taken dealt with by using a multiplier of 2% if there has been no revision since 1994 and 1.1% if there has.

Example Calculation

| | | | |
|------------------------|---|------------------|--------------|
| 1) Escritura Value | € | 100,000 | |
| | | X 0.2% | |
| <hr/> | | | |
| | € | 200 | Sub Total 1) |
| 2) Catastral Value | € | 50,000 | |
| | | X 1.1 Multiplier | |
| <hr/> | | | |
| | | 55,000 | |
| | | X 0.2% | |
| <hr/> | | | |
| | € | 110 | Sub Total 2) |
| 3) Total to pay | € | 310 | |
| <hr/> <hr/> | | | |

And has it now been abolished?

Proposals were submitted in April 2007 to eliminate the Patrimonio element for 2008 and this was made statute on 25th December 2008. **HOWEVER** **NOTE** that the Renta element of the tax (Income Tax) will still remain payable with no change yet proposed.

Mark Mountney, the proprietor of Rose Financial Planning, is a specialist mortgage brokerage and Independent Financial Advisor. He is a fully qualified mortgage and financial adviser in the UK with some 10 years experience in managing his own firm. Mark was also a founder of The Association of Mortgage Intermediaries, the trade association for mortgage advisors in the UK with 28,000 members. See www.rosefp.com or call 0034 677 874 948.