

VAT taxes in Spain

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Spanish value added tax - VAT (Impuesto sobre el valor añadido - IVA)

The Spanish value added tax - VAT (Impuesto sobre el valor añadido - IVA) system is similar to that established in other countries of the EU.

Value Added Tax (VAT) (Impuesto sobre el valor añadido - IVA) is an indirect and general consumption tax assessed on the value added to goods and services. It is borne ultimately by the final consumer and is charged as a percentage of the price. Every consumer in Spain must pay it.

This tax is applicable to commercial activities in Spain involving the production and distribution of goods, as well as the provision of services. Some specific cases are exempt from VAT tax application. It is suggested that all technical and legal matters pertaining to taxes be referred to a Spanish Lawyer for advice, guidance and execution.

Is the VAT tax applicable in the whole Spanish territory?

The VAT (IVA) is not applicable in the Canary islands, Ceuta and Melilla, where another tax, the IGIP, is applicable.

Charging VAT. Taxable operations

Only businesses and individuals working as self-employed persons can legally charge the VAT on their taxable operations. All businesses, except those that carry out exempt activities, are subject to VAT. All of them must enter the amounts charged in the Spanish Treasury (Hacienda).

VAT taxable operations include the supply of goods, the provision of services and imports.

Businesses can deduct from their VAT liability the amount of tax they have paid to other taxable persons on purchases for their business activities.