SPAIN

MARKET TAX PROFILE

November 2024

Taxation relating to the investment funds is usually considered on the basis of four pillars:

- The taxation of the investment fund in its domicile jurisdiction
- The taxation of investment made by an investment fund in the originate country of income
- The taxation and the related requirements of the investment fund in each distribution market
- The taxation of the investor

The focus is made on the spanish taxation and the related requirements applicable to foreign funds distributed in Spain.

Local Taxation

Taxation of the investor

Income tax: Income tax is levied at investor level in relation to any income made from placements in investment funds. Some local tax regulation may provide a reduced rate applicable from time to time subject to specific conditions.

Withholding tax: Withholding tax is levied at fund level on each distribution of dividends from distributed shares/units. Withholding tax is automatically collected in the country of domicile of the investment fund before distribution of the resulting net dividend to the investors.

Taxation of the fund

Taxes may be levied on the basis of the net asset raised into a distribution market. Such net asset taxes are paid by the investment funds to the local tax administration.

Tax complexity

The complexity of the taxation context is considered from the perspective of foreign asset managers distributing funds on cross-border basis in a foreign market. This level of complexity may be expressed by an indicator integrating the complexity of (i) the local taxation regulation, (ii) the related tax requirements, (iii) the obligation to appoint local tax agents, and (iv) the access to tax wrappers.

Tax complexity indicator

A tax complexity indicator (TCI) provides, for each distribution market, a ranking in a scale of five to express the level of complexity of the tax framework applicable to foreign asset managers distributing a fund range on cross-border basis.

The TCI considers impacts from local taxation and local tax requirements perspective; taxation is considered at investor-level and at foreign fund-level.

The Spanish tax framework

Revenues generated in Spain in relation to investments in foreign UCITS (and others) are subject to the Personal Income Tax Regulation (IRPF) relating to income from foreign sources. All persons are subject to the tax regulations (including businesses).

Capital gains and dividends are taxed at rates ranging from 19% to 28%.

Capital gains tax can be deferred under certain conditions.

Withholding tax rate, when applicable, is 19%.

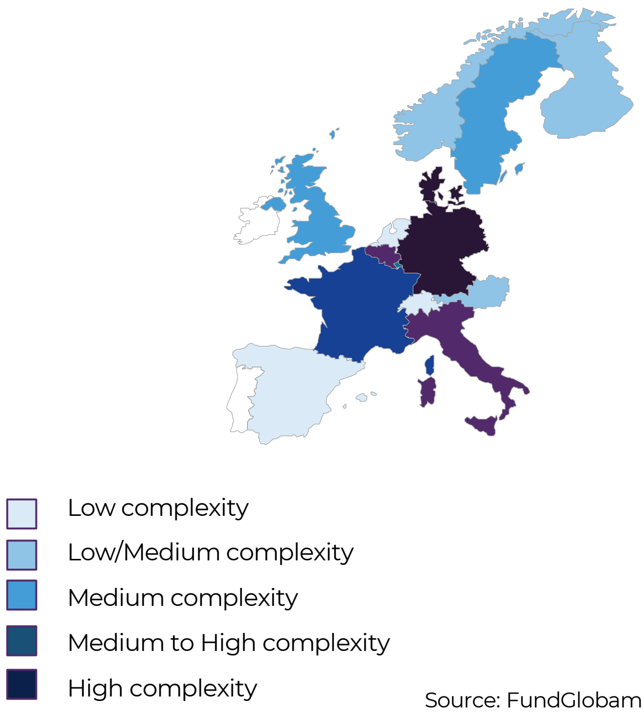
Local tax requirements

Requirements applicable to the fund

Tax agent: local tax regulations may require the appointment of a tax agent. Also, a tax assistance may be appropriate when no tax agent is required.

Disclosure: local tax regulations may also require specific disclosures; tax disclosures require to be made available to the public via appropriate means.

Reporting: local tax regulations may require specific reporting in relation to tax purposes; tax reporting must be filed with the competent authorities to allow investors to benefit from specific tax treatment.



Source: FundGlobam

TCI analysis

Key tax aspects in relation to the cross-border distribution of French promoters' funds in Spain

Local Taxation

	Investor Tax		Fund Tax
	Personal Income Tax	Withholding Tax	Net Asset Tax
TCI[1]	MEDIUM+	MEDIUM+	LOW
Key aspects regarding the local taxation of Spanish investors investing in foreign investment funds	■ A capital gain tax of 19/.../28% is levied for capital gains issued from placement in investment funds by Spanish resident investors ■ However, investors may benefit from a deferral tax regime when they switch/re-invest into investment funds in the same account, subject to applicable conditions	■ A 19/.../28% withholding tax applies to each distribution of dividends from investments made by Spanish investors in investment funds	■ No taxation applies to the foreign investment funds distributed and/or marketed in Spain

Local tax requirements

	Information		Local presence
	Disclosure requirements	Reporting requirements	Spanish tax agent
TCI[1]	HIGH	MEDIUM	LOW+
Key aspects regarding the local requirements related to the taxation framework applicable to the foreign investment funds distributed in Spain	■ No specific tax disclosure is required	■ The application of the tax deferral regime requires the foreign fund to provide specific information to be included into a specific reporting that must be provided to the CNMV by the delegated distributor in Spain	■ A No tax agent is required in Spain However, in specific conditions such as a merger, the advice of a Spanish tax agent is recommended to ensure the condition of application of the tax deferral regime

The AFG federates the asset management industry for 60 years, serving investors and the economy.

It commits to the growth of the asset management industry ; defines joint positions, which it promotes and advocates before public authorities ; contributes to the emergence of solutions that benefit all players in its ecosystem ; is committed, in the interest of all, to make the industry shine and develop in France, Europe and beyond.

It is fully invested to the future.

AFG
Together, invest for tomorrow.

Publication co-produced by the European and International department of the AFG and FundGlobam

■ Virginie BUEY, Head of the International promotion | v.buey@afg.asso.fr | 0144 94 94 66

41 rue de la Bienfaisance | 75008 Paris | T : +33 (0)1 44 94 94 00
Avenue des Arts 44 | 1000 Bruxelles

AFG

FundGlobam