

Tax Payments to the Spanish Tax Authorities: Deferment and Fractionation

On occasions, lack of cash flow means meeting tax liabilities difficult. The Spanish tax regulations however provide for the deferment and fractionation of tax to self-employed individuals and companies.

Self-employed can defer his income tax liability for up to 12 months without providing security for amounts below € 3,000 and up to 36 months for amounts over € 3,000 providing security.

Companies can defer payment of its corporate income tax for up to 6 months without security for amounts below € 3,000 and up to 36 months for amounts over € 3,000 providing security.

Self-employed & Companies can also defer quarterly VAT returns tax for up to 12 & 6 months respectively without security for amounts below € 3,000 and up to 36 months for amounts over € 3,000 providing security.

When security is required, this may adopt the form of:

- i. Bank guarantee.
- ii. Chattel mortgage.
- iii. Mortgage.
- iv. Rights of assignment of the lease of urban property.

The guarantee must be provided within two months from the date the Spanish tax authorities confirms that the deferral is granted.

Interest on tax deferral

When the Spanish Tax Authorities admit the deferral sought, interest on the deferred amounts is applied and for 2022, it is set at 3,75%.

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