

Royal Decree-Law 9/2015, of July 10, 2015 New tax scales and withholding rates for 2015

The Official State Gazette of July 11, 2015 has published Royal Decree-Law 9/2015, of July 10, 2015, on urgent measures to reduce the tax burden on personal income taxpayers and other urgent economic measures.

The main new development is that royal decree-law brings forward to 2015 the second phase of the reduction in personal income tax rates initially scheduled for 2016, which is accompanied by a reduction in the relevant withholding rates starting on July 12, 2015. Also starting on that date, the nonresident income tax rate established for certain items of income and the corporate income tax withholding rate will be reduced. Lastly, measures have been included to reduce the tax on the aid received by groups that are in a situation of hardship.

1. Personal income tax rate

1.1 New tax scales and withholding rates

1.1.1 Salary income

- (i) A new general central government scale has been approved (to be completed with the relevant autonomous community scale) to apply from January 1, 2015, which brings forward the marginal tax rates initially set to take effect in 2016. The rates initially established and the rates arising from the new legislation can be seen in the following table:

Net taxable income	Tax rate		
	2015 (initial)	2016	Royal Decree-Law 9/2015 (effective from 01/01/2015)
Up to 12,450	10.00%	9.50%	9.50%
12,450 – 20,200	12.50%	12.00%	12.00%
20,200 – 34,000/35,200 ^(*)	15.50%	15.00%	15.00%
34,000/35,200 – 60,000	19.50%	18.50%	18.50%
60,000 and above	23.50%	22.50%	22.50%

^(*) 34,000 in 2015 and 35,200 in 2016

In order to transfer the effects of this new scale to salaried employees, a new withholding rate table is approved, in which the rates fall between those approved for 2015 and those envisaged for 2016, applicable to income that is satisfied or paid on or after July 12, 2015:

Withholding base	Tax rate		
	2015	2016	Royal Decree-Law 9/2015 (from 07/12/2015)
Up to 12,450	20%	19%	19.50%
12,450 – 20,200	25%	24%	24.50%
20,200 – 34,000/35,200 ^(*)	31%	30%	30.50%
34,000/35,200 – 60,000	39%	37%	38.00%
60,000 and above	47%	45%	46.00%

(*) 34,000 in 2015 and 35,200 in 2016

The application of these new rates will require adjusting the withholding rate for cash payments and payments in kind according to the new scale, in the first salary income that is satisfied or paid on or after that date.

However, this adjustment may be made with the first salary income that is satisfied or paid on or after August 1. The withholding rates for cash payments or payments in kind for salary income satisfied before August 1 will be those in the withholding table that were being applied in 2015 before this royal decree-law.

- (ii) The withholding rate for cash payments and payments in kind applicable to salary income arising from conducting courses, conferences, talks, seminars and the like, or arising from the preparation of literary, artistic or scientific works provided that the right to exploit them is transferred, is reduced from 19% to 15%. This rate will be reduced by half in the case of salary income obtained in Ceuta and Melilla which is entitled to the tax credit for income obtained in Ceuta and Melilla.

This 15% withholding rate will apply to income that is satisfied or paid on or after July 12.

- (iii) Lastly, the royal decree-law clarifies which autonomous community scale applies to taxpayers who reside in Ceuta and Melilla, referring to article 65 of the Personal Income Tax Law ("Scale applicable to residents abroad"), which does not change.

1.1.2 *Income from professional activities*

For self-employed workers, the withholding rate is reduced across the board to 15% (regardless of their income level) for income that is satisfied or paid on or after July 12.

For income satisfied or paid before July 12, the former withholding rates still apply, that is, 19% in general and 15% where the volume of gross income from activities relating to the immediately preceding year is less than €15,000 and represents more 75% of the sum of the gross income from economic activities and from salary obtained by the taxpayer in that year and the taxpayer has informed the payer of such circumstances.

In addition, starting July 12 the withholding rate for cash payments and payments in kind applicable during the first three years of the professional activity is reduced from 9% to 7%.

1.1.3 *Savings income*

A new central government savings scale is approved to apply from January 1, 2015, in which the rates fall between those initially approved for 2015 and those envisaged for 2016:

Net taxable income	Tax rate		
	2015 (initial)	2016	Royal Decree-Law 9/2015 (effective from 01/01/2015)
Up to 6,000	20%	19%	19.50%
6,000 – 50,000	22%	21%	21.50%
50,000 and above	24%	23%	23.50%

The withholding rate that applies to savings income is also reduced starting July 12, 2015:

Withholding base		
2015	2016	Royal Decree-Law 9/2015 (from 07/12/2015)
20%	19%	19.5%

1.1.4 *Other income*

For the following items of income, the withholding rate for cash payments and payments in kind will be 19.5% where the obligation to withhold has arisen on or after July 12, 2015 (20% for those before that date):

- Salary income received by taxpayers in their capacity as directors and board members where the income originates from entities with net revenues below €100,000.
- Income from movable capital other than that discussed above.
- Capital gains on the transfer or redemption of shares and units in collective investment schemes.
- Capital gains arising from forestry operations by residents of communal forests or scrubland.
- Prizes that are delivered as a result of participation in games, contests, raffles or random combinations, whether linked or not to the offer, promotion or sale of certain goods, products or services.
- Income from the lease or sublease of urban real estate.
- Income from intellectual or industrial property, the provision of technical assistance, the lease of personal property, business or mines and the sublease of such assets.

However, for the 2015 tax period, the following withholding rates are maintained:

- For directors and board members, at 37%.
- For workers relocated to Spain, at 47% for compensation from €600,000.01 and above.
- For the attribution of income from the licensing of image rights, at 20%.

1.2 Exemptions and other measures

For fiscal year 2015, exemptions are introduced in the personal income tax legislation for:

- Economic benefits established by the autonomous communities in respect of minimum income support to ensure funds for a minimum standard of living for persons who have no other means of obtaining them, as well as the other aid established by the autonomous communities or legal governments to attend to groups at risk of social exclusion, social emergency situations, housing needs of persons without income or food, schooling and other basic needs of minors or disabled persons where they and the persons dependent on them lack sufficient economic support, up to an overall annual cap of 1.5 times the public multi-purpose income indicator.
- The aid granted to victims of violent crimes and against sexual freedom and the aid provided for in Organic Law 1/2004, of December 28, 2004, on measures for comprehensive protection against gender violence, and other public aid granted to victims of gender violence by reason of their condition as such.

In addition, it is established that the aid granted to offset the costs arising from the receipt of or access to television audiovisual communication services in buildings affected by the release of the digital dividend will not be included in the taxable income for personal income tax purposes.

Lastly, the option of attaching certain benefits and aid granted by the public authorities by applying the rules already laid down in the Civil Procedure Law for attachments of salaries, wages or pensions has been restricted.

2. Nonresident income tax

(i) The 20% tax rate established in the nonresident income tax legislation for the following items of income will, starting July 12, 2015, be 19.5% (19% for 2016 and following years):

- As a general rule, income obtained in Spain other than through a permanent establishment by taxpayers resident in another state of the European Union or the European Economic Area with which there is an effective exchange of information.
- Dividends and other income from holdings in the equity of an entity; interest and other income obtained from the transfer of own capital; and capital gains that arise on the transfer of assets.
- Income that is transferred abroad from permanent establishments of nonresident entities.

- (ii) A technical improvement is introduced in the regime for foreign pass-through entities with a presence in Spain, the tax rate for which goes from being expressly defined as 25% to "the tax rate that applies from among those established in the corporate income tax legislation".

3. Corporate income tax

When it comes to corporate income tax, the tax rate has not been changed; only the standard withholding rate has been reduced for the remainder of 2015.

Transitional provision thirty-four (letter ñ) establishes that the standard withholding rate for this tax will be 20% for 2015 (19% for 2016 and following years). Now, for the period between July 12 and December 31, 2015, it is set at 19.5%.