

A Guide to Spanish Taxation for Cross Border Gibraltar Workers
Don't panic, we are here to help!



- Tax is very simple for people who plan to live in Gibraltar. Gibraltar taxes and Social Insurance are deducted at the end of the month by your employer and paid to the government.
- However many people live in Spain and as a consequence should be registered as a permanent tax paying resident of Spain as well as Gibraltar. Legally this means that you are required to declare your earnings to the Spanish authorities and make a tax contribution. **You only have to pay the tax difference between Gibraltar and Spain, you do not pay twice.**
- We recommend you book an appointment with a Spanish Tax consultant such as www.contasult.com who will calculate and administer the tax on your behalf for a fee of approximately €100.
- Tax only needs to be paid if you have been living in Spain for over 6 months during the year (January – December). It should be paid In May / June of the following year.
- For those who don't declare income in Spain there is a risk that the Spanish authorities will discover these earnings. As a consequence there would be a risk of a fine and to pay any owed amounts.
- Spanish tax is calculated using income bands. You pay the amount within each of the bands until you reach the higher band:

0 - €12,450	= 19%
€12,450 - €20,200	= 24%
€20,200 - €35,200	= 30%
€35,200 - €60,000	= 37%
€60,000 +	= 45%



- **Example of earning a salary: €65,000**

Between 0 - €12,450 @19%	=€2,365
Between €12,450 - €20,200 @24%	= €1,860
Between €20,200 - €35,200 @30%	= €4,500
Between €32,500 - €60,000 @37%	= €9,176
Between €60,000 - €65,000 @45%	= €2,250

Total Tax Payable = €20,151, with an effective overall tax rate of 31%. (The amount already paid to the Gibraltar Government would be deducted from this figure).

- It is also worth noting that there are a number of allowances based on personal situation that will reduce the amount payable. These include:

- Personal Allowance
- Child Allowance
- Owning a Property in Spain
- Working in Gibraltar
- Age
- Family Situation

(It is not possible to give actual figures on the above as it does go on a case by case basis).

- Please see the below estimates (without reductions) how much would need to be declared for a Spanish resident working in Gibraltar on the following salaries:

£25,000

Gibraltar Tax + Social Insurance = £5,548 (€7,212)

Euro equivalent salary (based on an average exchange rate of 1.3) = €32,500

Spanish Tax = €7,915 (£6,088)

In this case **the difference would be €703** (minus allowances) that would need to be declared.

£45,000

Gibraltar Tax + Social Insurance = £10,698 (€13,907)

Euro equivalent salary (based on an average exchange rate of 1.3) = €58,500

Spanish Tax = €18,345 (£14,111)

In this case **the difference would be €4,438** (minus allowances) that would need to be declared.

If you have any further questions then please call Castle Hill on 00350 20065664 or contact your consultant directly.

