

## TAX CHANGES 2010

The tax changes proposed from the 1st of January 2010 are, amongst others, the following:

- ~ Personal income tax on financial products & capital gains goes up. The base rate rises from 18% to 19% up to 6.000€ profit while the excess is taxed at 21%.
- ~ Suppression in personal income tax deduction of 400€ for earned income from employment or pension and economic activities if the net amount taxable exceeds 12.000€
- ~ Withholding tax suffered by the Spanish resident landlord on rental income rises from 18% to 19%. Non Spanish resident landlords continue with the 24% tax rate.
- ~ Withholding tax on dividends and interests increase from 18% to 19%.
- ~ Capital gains obtained by an individual, non Spanish tax resident, in the sale of a Spanish property will be taxed at 19%.
- ~ Corporation tax will come down five points for SMEs with turnover below five million euros and with less than twenty five workers that maintain or generate employment. This measure will also be applicable to the 2.009 corporation tax and will be kept up to the 2.011 tax year.
- ~ Limitation to the application of the special regime for employees relocated to Spain (so called "ley Beckham") for earning salaries over 600.000€ per year.
- ~ From 1st of July the general VAT rate will go up from 16% to 18% and the reduced rate from 7% to 8%. The super-reduced tax rate is maintained at 4%.

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