



# The Spanish Boat Tax System

**EXPLAINED**





*You're on a boat and travelling around the Spanish coastline, so you're exempt from Spanish taxes, right ... ? Wrong.*

*You're buying a boat in Spain but you have residency in another EU territory so you're sure to be tax exempt ... ? Not exactly.*

*Alex Chumillas outlines the ins and outs of the Spanish tax system*

**H**ere we explore and find answers to some key questions about tax and leisure boats in Spain. The Spanish tax system is one of the most difficult in the EU. The two main taxes to consider when we buy a boat in Spain or take a boat to Spain are the VAT and the registration (Matriculation) tax. Any citizen of the European Union has an obligation to register their craft in the country where they have their usual residency. The Spanish law requires to register, under the Spanish flag, any boat used inside a Spanish territory by a Spanish tax resident.

The concept of Spanish tax residency is defined in the Spanish Personal Income Tax Law, which establishes that any person becomes a Spanish Tax resident if they spend more than 183 days in any one calendar year in a Spanish territory. The Spanish Corporation Tax Law also establishes that any company incorporated according to Spanish laws is classed as a Spanish tax resident.

interpretation by member states of the EU as to the "place and supply of goods" and the "place and supply of services" in the application of VAT collection. Some jurisdictions in Europe, such as France or Italy, consider that the length of the boat determines whether there is going to be a certain amount of use outside EU waters which allows buyers to benefit from lower VAT tax rates.

In Spain, as we said before, there is no a direct tax benefit for the buyer, but as for the French or Italian financial company which provides the lease, they can benefit from these lower rates in their countries. Therefore they are able to offer to anybody who buys a brand new boat in Spain a financial option that involves a total payment after four years that is the same as the full payment up front. For example:

*Tax Scheme*  
*Purchase of a new boat in Spain*  
*registered under Spanish Flag (length above 8.00 metres)*

**ACQUISITION BY AN INDIVIDUAL**

Residency	Boat Location	Registration (Matriculation) Tax	VAT
Spanish Territory	Spain	12%	16%
Spanish Territory	Out of Spain	12%	16%
Other EU Territory	Spain	None	16%
Other EU Territory	Out of Spain	None	16%
Non EU Territory	Spain	None	16%-0%*
Non EU Territory	Out of Spain	None	0%

If a boat is purchased by an individual in Spain there is no way to avoid these taxes. However, there are some ways of reducing the financial burden by making such a purchase using the services of a Leasing Company. This is due to a difference in

**4 YEARS FINANCING**

<b>Price of the boat</b> (VAT not included)	<b>£60,000 GBP</b>
<b>Price</b> (VAT included 16%)	<b>£69,600 GBP</b>
<b>First payment 50% (deposit)</b>	<b>£34,800 GBP</b> - deposit of 10% (£6,960) - first instalment of 40% (£27,840)
<b>47 instalments of:</b>	<b>£740.43</b>
<b>Final value payment</b> (nil as already paid as part of the deposit)	<b>10%, £6,960</b> (The residual value is guaranteed by the deposit)
Final cost of the boat VAT included: <b>£69,600</b>	

If a person spends less than 183 days in Spain they are not classed as tax resident in Spain. However, if a person stays more than 183 days in Spain, they become classed as a Spanish tax resident and will be required to pay the same tax as a Spaniard.



## SOME QUESTIONS ANSWERED

**Q. If we are living aboard a boat in Spain, are we living in Spain?**

A. Effectively when somebody lives onboard, they are deemed to be living where the boat is placed. Therefore in the Spanish case, if somebody spends more than 183 days living in a Spanish Marina, they will become classed as a Spanish tax resident.

**Q. I have an administrative document that proves I am resident in a country other than Spain. Is that evidence enough to prove my residence for tax purposes?**

A. It is very important to differentiate between the concept of administrative and tax residency. In this article we are interested in the concept of tax residency. An administrative certificate of residency is not enough evidence to consider if one person is a tax resident in one country or another. Following the criteria of the Spanish Tax Administration, heating, lighting, and water receipts or even being on the electoral register are not enough evidence as to proof of tax residency.

To prove tax residency in a particular country the only accepted evidence is a tax certificate issued by the Tax Authority of a country. The person who owns a certificate by way of proof of his/her tax residency can therefore be considered as a non tax resident in Spain with the tax benefits which that involves.

**Q. Who controls our presence in the Spanish territory?**

A. Nowadays all the internal frontiers of the Shengen Area (which, in the EU, includes France, Italy, Germany, Holland, Portugal, Denmark, Switzerland, Norway, Finland, Luxemburg, Greece, Belgium, Austria, United Kingdom and Ireland) are exempt of border controls. If an EU citizen of the Shengen Area stays no longer than three months in another state of the EU they do not need to apply for an authorisation for

administrative residence. Therefore for an EU citizen it is quite difficult to determine the exact date of entrance into a Spanish territory. For a non-EU citizen it is completely different. They are submitted to immigration controls which makes it very easy to determine their date of entrance into the country.

**Q. Who controls the entrance of boats to Spanish waters?**

A. The Guardia Civil is the division of the Spanish police in charge of controlling the entrance of foreign boats. This division compiles all the information from Spanish marinas as a control on how long foreign boats have been in Spanish waters.

For boats that belong to the Shengen Area there is no limit of time to remain in one or another Shengen country. It matters not if your boat moves from one marina to another inside the country, rather it is the cumulative time spent in Spain and the police can easily calculate how long any boat has been inside the country. The clock, however, starts again from zero on 1st January each year, permitting another 183 days of residency. So it would be possible to have a full consecutive year in residency providing it straddled a new year, 183 days each side.

The criteria for non-EU citizens is very complex and outside the scope of this article. However if any reader requires information on boat residency in Spain as a non-EU subject they are welcome to contact the author below.



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