

Country Tax Guide: Spain



About this Guide:

This guide is based on information provided by international tax experts at IBFD to provide employers with a general overview of the tax treatment of key benefits in kind granted to resident employees. It is intended to offer practical insights to help multinational employers better understand potential tax implications when structuring benefit programs in-country. The guide does not include different tax concessions granted to non-residents and/or expatriates, tax reliefs employees may claim in their own tax returns, option arrangements and low interest bearing loans. While the content reflects extensive research and the expertise of IBFD, it is provided for informational purposes only and does not constitute formal tax advice. Employers are strongly encouraged to consult qualified tax advisors for guidance tailored to their specific business operations, workforce profile, and benefits design in the relevant jurisdiction.

Source of Information

[Ley 35/2006](#) del IRPF (IRPF Law) – arts. 42 & 43 and [Real Decreto 439/2007](#) del Reglamento del IRPF (IRPF Regulation) – arts. 43 to 48bis define what constitutes a benefit in kind and how to value it. [Practical Manual for Income Tax 2024 – AEAT](#) (PDF version, see [here](#)) contains official guidance and exemption limits for benefits in kind (meals, transport, health insurance, childcare, etc.).

Main principles

Benefits in kind (“retribuciones en especie”) arise when an employee obtains goods, rights, or services for personal use from the employer free of charge or below market value. As a rule, such benefits are taxable at market value unless a specific exemption applies.

Flexible compensation plans (“retribución flexible”) allow employees to swap part of their cash salary for approved in-kind benefits (e.g. meal vouchers, transport cards, health insurance, training). These arrangements must be agreed in the employment contract or collective agreement. The total in-kind compensation under such schemes cannot exceed 30% of annual gross salary.

Valuation rules for in-kind benefits are provided in Art. 43 IRPF Law and Arts. 43–48bis IRPF Regulation, with specific formulas for housing, cars, etc. If a benefit is partly exempt (e.g. meal vouchers up to the statutory daily limit), only the excess is taxable.

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Benefit types

Meals

- Exempt up to EUR 11 per day if provided through a company canteen, meal vouchers, or electronic cards.
- Conditions for exemption:
 - The vouchers/cards must be nominative and cannot be transferred/exchanged for cash.
 - They can only be used in restaurants or catering establishments.
 - The daily exemption limit applies regardless of whether meals are provided on-site, via vouchers, or cards.

Cars

- Only the private use of a company car is fully taxable. The standard taxable value is 20% of the vehicle's acquisition cost (or market value), with reductions for low-emission vehicles.
- The portion used for business purposes is not subject to taxation.
- If the employee uses their personal car for business purposes, reimbursements are exempt if paid per km and within official AEAT limits: EUR0.26 per km (2024) plus reimbursement of tolls and parking.

Commuting

- Amounts paid to public transport providers are exempt up to EUR 1,500 per year (EUR 136.36/month), provided the benefit is in kind (e.g. a nominative card) and not transferable or redeemable for cash.

Childcare

- Direct payments to authorised nursery schools for the first education cycle (ages 0-3) are tax-exempt. "Authorised" means the nursery must be officially recognised by the regional education authority and included in its register of authorized centres.
- Reimbursements or non-authorised centres are not exempt.

Well-Being

- Health insurance premiums are exempt up to EUR 500 per person per year (or EUR 1,500 if disabled).
- Employer-provided welfare services (use of sports facilities, cultural services like libraries, company nurseries, etc.) are excluded from taxation under Art. 42.3.b IRPF Law, provided they are organized or contracted directly by the employer, offered collectively to all employees, and delivered as in-kind services rather than cash allowances/reimbursements.

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- This way, reimbursements, vouchers or payments to third parties chosen by the employee (e.g. gym membership reimbursement) are treated as taxable salary, unless the above Art. 42.3.b. IRPF Law conditions are met.

Tuition Assistance:

- Children's education: The provision of preschool, primary, compulsory secondary, high school and vocational training services by authorised educational centres to employees' children is tax-exempt, even when offered free or at a reduced price.
- Job-related education for updating, training or retraining of employed personnel provided by the employer is exempt.
- Reimbursements or unrelated studies are taxable.

Other Benefits, If Any

- **Accommodation:** Fully taxable. The taxable amount may not exceed 10% of the employee's remaining employment income (i.e. salary and other benefits, excluding the housing itself).

The taxable value depends on whether the employer owns or rents the dwelling:

- If the dwelling is owned by the employer (payer): 10% of the cadastral value of the property (5% if the cadastral value was revised within the last 10 years). (The cadastral value is made by the Direccion General del Catastro and is not equivalent to the market value. It is updated periodically.)
- If the dwelling has no cadastral value, the benefit is 5%, applied to the 50% of the cost price or the value verified by the administration.
- If the dwelling is not owned by the employer (i.e. rented from a 3rd party), the taxable benefit equals the actual rent paid by the employer to the landlord. This cannot be lower than the amount that would result from applying the rules for employer-owned housing (10% or 5% of cadastral value, see above).
- **Parking:** Parking provided by the employer at or near the workplace is tax-exempt as long as it is offered collectively to all staff, without individual assignment. Reimbursements of personal parking costs are taxable and must be treated as benefit in kind.
- **Mobile phone/laptop:** If the device is provided exclusively for professional purposes, with clear restrictions on private use, it is not considered a benefit in kind. If the device is used also for private purposes, the private portion of use is treated as a benefit in kind and taxable.
- **Shares/stock options:** Granting shares of the employer or group companies is exempt up to EUR 12,000/year, if:
 - The offer is made on equal terms to all employees;

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- The employee, together with their spouse and relatives up to the second degree, holds less than 5% of the company/group; and
- The shares are kept for at least 3 years.

Any excess or failure to meet conditions is fully taxable.

Lifestyle Spending Accounts (LSA)

- Spain does not have a specific tax regime for lifestyle spending accounts. Their tax treatment depends on the nature of the underlying benefit:
 - If the account is just a general-purpose wallet or reimbursement, the credited amount is treated as (cash) salary and fully taxable.
 - If the account is structured to provide specific exempt benefits (e.g. meal cards, transport passes, health insurance), then the usual rules, exemptions and limits for each benefit apply.
 - In practice, LSAs could be implemented through a “retribución flexible” scheme, where part of the employee’s cash salary is converted into benefits in kind. These are valid as long as:
 - the arrangement is agreed in the employment contract or collective agreement;
 - the benefits comply with the statutory exemptions and conditions; and
 - the value of salary in kind does not exceed 30% of gross annual remuneration.

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Procedures

Taxable benefits must be included in the payroll and the employer must withhold tax on the full taxable value of the benefit. Tax-exempt benefits are not subject to withholding or reporting obligations.

Recurring benefits (e.g. housing, car) are valued annually and allocated monthly. One-off benefits are taxed in the payroll period in which they are provided.

Monthly/quarterly reporting is done through [Form 111](#), whereas all annual benefit amounts must be reported in [Form 190](#).

All benefits must appear on the employee's payslip.



The information contained in this country tax guide has been provided by the international tax experts at IBFD based on available data as of August 2025.

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