

Vehicle Taxation

“The art of taxation consists in so plucking the goose as to obtain the largest amount of feathers with the least possible amount of hissing” (Jean-Baptiste Colbert c.1665)

Whilst no one particularly likes paying taxes, I guess we understand that they are necessary for the common good; one of the reasons why abuses of the system, especially by the tax gatherers annoys us.

Taxation in Spain seems much less than in the UK and we appear to get so much more for our money, but as ever we expats can become confused over taxation and that surrounding our vehicles is no exception, so I hope that the following will clarify

Most of us come to Spain to live whether full or part time from other EU countries and most of us bring our cars with us. Why not? The HP has been paid off, we have loved, cherished, serviced and polished it, and have become quite used to its endearing little ways just like we have with our wives.

Customs Duty

If we have previously lived outside of the EU and bring a non-European car with us, the first tax that we will face is Customs Duty (Impuesto de Aduana). Those of us who remember Europe before the EU will recall having to pay duty on all of our fags, booze and the stuffed donkeys when we landed back in Blighty, just as you still do when flying in from say America. No different with your car, so the first thing is a trip to customs in perhaps Alicante or Cartagena. These friendly people will check your paperwork, assess the value of the car and levy duty of 10% plus a fee for the privilege of having it looked over. Ah well, it was cheap when you bought it

Import tax

Whether your car was previously registered within or outside of the EU, next you may have to pay import tax. *What? I thought that import tax no longer existed when goods are moved between EU countries, which is one of the advantages of the EU!!!* Quite right. It should not be levied, but the Spanish authorities do so, contrary to EU law and until they stop, it has to be paid. This tax is the one that causes most confusion for expats as it is also known as emissions fee, CO2 tax etc etc though its proper name is “Impuesto Especial Sobre Determinados Medios De Transporte” mmmm, maybe that’s why we call it import tax

This tax is calculated on the “Hacienda” (tax office) valuation of your vehicle multiplied by a percentage determined by the CO2 levels. The higher the CO2, the more harm you are perceived to be doing, so the higher the tax. The good thing about the Hacienda calculation is that your car has suddenly become far more valuable due to the high cost of cars in Spain!

Those of you who have read my previous articles in “Mediterranean Motoring” or our website will be aware that many people can legally avoid this particular tax if they re-register within a specified time frame

Incidentally, this tax applies to all vehicle types from whichever country the vehicle originates and whatever the nationality of the owner, so a Spaniard buying a motorhome from Germany or France for example will pay this tax

Road tax

Road tax as we call it in the UK is the tax levied on all motorists to cover the upkeep of roads, signage, traffic lights etc. It is properly known as “Impuesto Vehiculos Traccion Mecanico”, though road tax does roll off the tongue a little easier

Now we Brits are used to the road tax being the same for any given vehicle type throughout the UK and know that it can be paid in any month and if memory serves me well can be paid for at 6 or 12 monthly intervals. This is not the case in Spain; well you would hardly expect it to be would you? In Spain, road tax is determined by the local authority (ayuntamiento) and takes into consideration the power of the vehicle being taxed. It is calculated from January 1st until December 31st. Where a vehicle is brand new or being imported, the tax is levied using quarters of the year, so a car imported in July is charged two quarters of the annual road tax

Of interest is that the difference in taxation between the least and most powerful vehicle is about fourfold. Between the cheapest and most expensive towns to be taxed in, it is about double. In Alicante province, the most expensive is Torrevieja with Benidorm being the cheapest

For most, but not all of the province of Alicante, there exists an organisation called “Suma Gestion Tributaria”. This organisation collects all local taxes levied by Town Halls including “council tax” and road tax. As a consequence of this, many taxes are referred to as SUMA. In the areas not contracted to Suma, the Town Hall collects the taxes directly using various methods of notification and payment

As a general guideline (local variations will exist), whilst road tax is due on January 1st, the invoices are not normally sent out until March/April and you have until May to pay it. Notices start to appear like confetti reminding you of the fact and advising the deadline. Payments may be made at banks or the offices of the authorities or by direct debit.

Road tax is not displayed on the vehicle as it is in most countries, but proof of payment must be carried in the vehicle. Where it is not paid on time, a sanction is imposed which increases in daily increments. What must be borne in mind is that there are only two things that can happen to a vehicle; it is either sold or is scrapped. When selling/buying or scrapping, all unpaid taxes will have to be paid first or the transaction cannot take place. As mentioned in previous articles, when you buy a vehicle you also buy its debts!

Local taxes are linked. Following on from the Horror Stories item in CBN of a previous week, we once had a call from a customer who was very irate and accused us

of not paying his import tax when his car was re-registered (this is absolutely not possible to do). He had received a letter from Suma threatening to impound his car due to unpaid taxes. We pointed out that Suma do not collect import tax, but agreed to meet to look at the letter. It transpired that he had paid this year's council tax, but a previous year's had been overlooked when he was in the UK. The point was that he owed tax on his property and unless he paid it, his car was going to be impounded. I imagine that the council finds it easier to tow away cars than houses; they take up less space in the compound too.

As with most things, they can at first seem complicated, but become simpler when you deal with them regularly. Should you need any advice on vehicle taxation, then don't hesitate to get in touch; we may be able to reduce the number of goose feathers being plucked!