



WTS Tax Update for the Digital Economy

Spanish Digital Services Tax - Update

September 2020

In a previous tax alert ([click here](#)) we explained a proposed digital services tax (DST) in Spain. Here we give an update on the proposed Spanish DST's legislative progress and the preliminary steps you can start to take in preparation.

On 30th July 2020, the Spanish Parliament's Treasury commission approved the Draft of the Digital Services Tax by 19 votes to 14, with three abstentions. The new draft law was published in the Spanish Parliament's Official Gazette at the beginning of August ([click here](#)), which has finalised the main parliamentary proceedings for the Spanish DST's approval. After these parliamentary discussions, the new draft law includes three minor amendments that have no tax assessment impact. The changes introduced to the previous draft law are as follows:

- There is an addition to the draft law's preamble that clarifies that data transmission services are outside the DST's scope.
- The removal from the Special Register of companies liable to the DST; however, entities obliged to pay the DST will then need to register in the regular tax census and get their Spanish tax ID as registered but not established entities.
- The inclusion of a new final provision in which the Spanish government has committed to coordinating the DST's implementation with the special territories of the Basque Country and Navarre, which have their own tax authorities, within 3 months of the law's approval.

After the main parliamentary process, the draft law continues on its way to its final approval in the Senate, where the Spanish government expects no amendment from the opposition parties to be successful. Therefore, the Spanish government plans to have all the related proceedings in the Senate finished within the month of September 2020. If the government's expectations are fulfilled, then the law will be published in the Official Gazette, at the beginning of October and will enter into force in January 2021.

In conclusion, now is the time for digital companies to determine the impact of the DST on their Spanish business activities and to take the necessary measures to avoid all foreseeable risks. In preparation for that, questions to consider include: Is my business liable to the Spanish DST? If so, is it able and prepared to assess its DST tax obligations? What will DST compliance require my business to do? What will be the impact on my business's financial situation?

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