

This guide has been prepared by an independent law firm. The guide is effective as of January 2024 and will not be periodically reviewed. This guide does not provide tax advice. Instead, Rover encourages you to seek tax advice from a qualified professional to understand your tax obligations.

January 2024

SPAIN – TAX CONSIDERATIONS ON PET CARE SERVICES PROVIDERS

This guide provides an informative overview of potential tax implications for individuals and sole proprietors providing pet care services through the Rover platform. If you operate through a legal entity or are subject to any special tax regime, different tax requirements may apply and are not covered in this document. In any case, we recommend you to consult with a tax professional to determine your tax position.

Taxes can be complex, so it's essential to stay informed about your tax obligations and maintain compliance. Filing and paying taxes timely and accurately is your responsibility.

For Spanish pet care providers offering services through Rover, it's crucial to understand the various taxes applicable to your income and remit the taxes that apply to you:

- Income taxes
- Value Added Tax (“VAT”)
- Social Security obligation

Please note that Rover has a legal obligation under the EU DAC7 to report the income earned by users of its platform to the tax authorities. If there is a discrepancy between the income reported by Rover and the income stated on your tax return, you may be subject to questions from the tax authorities.

Please be aware that the information in this tax guide is not exhaustive and is not intended to be legal advice. If you have any doubts about your specific tax obligations, we recommend that you consult official government sources or seek guidance from qualified tax professionals. Please keep in mind that this information may not be current, so it's essential to confirm that the laws or procedures have not changed since this guide was written.

PERSONAL INCOME TAX

If you earn income in Spain, you will probably have to pay the Spanish tax authorities a percentage of your income as personal income tax. Below is an outline of the tax that may arise on income earned from pet services supplies in Spain and the procedure to declare and pay it to the Spanish tax authorities.

The **tax year in Spain** runs from January 1 to December 31 with returns generally due by June 30 of the following year (read more about tax deadlines and forms required to be filed below).

Spanish income tax rates

For regular tax resident individuals, there is a progressive tax scale ranging from 17,50% to 54%, which varies depending on the autonomous region where you reside.

Threshold for paying income tax in Spain

A €1,000 threshold applies to Spanish tax residents, depending on the type of income they receive. Specifically, if the business activity income received (together with other kinds of income such as salary income, capital gains, rental income, if applicable) is below €1,000 in the corresponding year, they are not required to file a tax return.

Specific rules applicable in Spain to business income earned from providing services

Business income comes from personal labour that involves the arrangement on his own account of the means of production for the purpose of intervening or distributing goods or services.

There are different methods to calculate the net taxable income. If the net revenue of the previous year, corresponding to all the activities carried out by the taxpayer, does not exceed 600,000 euros per year, in general terms, you can apply for the simplified modality of the direct estimation method.

Where you have any doubts regarding your current tax position, we would encourage you to consult a local tax advisor.

Typical expenses that can be deducted from an individual's income derived from business activity income

Expenses that meet the following requirements are considered tax deductible:

- That they are linked to the business activity carried out. That is, they are specifically needed for the activity (i.e., if you are a dog sitter, the purchase of a dog leash would be linked to the business activity).
- That they are suitably justified with documents such as invoices.
- That they are registered in the accounting or in the record books that taxpayers who carry out business activities must keep.

Provisions

With the simplified mode of the direct estimation method, you are allowed to reduce the 5% of your net taxable income up to 2,000 EUR with no receipts/invoices or supporting documents required.

Reductions

There are some reductions that can be applied to the Net income, which are:

(i) Reduction for taxpayers with total income less than 12,000 euros, including those from business activity

Taxpayers with non-exempt income of less than 12,000 euros, including those from the business activity itself, may reduce the net income from business activities by the following amounts:

Reduction amount for taxpayers with non-exempt income less than 12,000 euros	
Non-exempt income	Reduction amount
8,000 euros or less	1,620 euros
Between 8,000.1 euros and 12,000 euros	1,620 - [0.405 x (net taxable income – 8,000)]

The reduction is compatible with the estimated expense for deductible provisions and expenses that are difficult to justify regulated by article 30 of the Personal Income Tax Act.

As a consequence of the application of the reductions for economically dependent self-employed workers or with only unrelated client reductions, and for taxpayers with total income less than 12,000 euros mentioned above, net income of the business activities cannot be negative.

(ii) Reduction due to start of activity.

The taxpayer who meets each and every one of the following requirements is entitled to this reduction:

- That begins the exercise of a business activity and determines the net return of its business activity in accordance with the direct estimation method. To comply with this requirement, all business activities carried out by the taxpayer must be taken into account, both those carried out individually and those carried out through entities under the income attribution regime.
- That business activity has started as of January 1, 2013.
- That has not carried out any other activity in the year prior to the start date of the new activity. For these purposes, a business activity begins if no business activity has been carried out in the year prior to its start date. Those activities whose exercise had been finished without obtaining income will not be as considered business activity.

Reduction amount:

The taxpayer may reduce 20 percent of the amount of the positive net income declared from all its activities, previously reduced, if applicable, by the reduction for net income with a generation period of more than two years, or obtained in a notoriously irregular manner over time, by the reduction that corresponds for economically dependent self-employed workers or with only unrelated client, and by the reduction for taxpayers with total income less than 12,000 euros.

The reduction will be applied in the first tax period in which the net income is positive and in the following.

The amount of net income to which the aforementioned reduction will be applied cannot exceed the amount of 100,000 euros per year.

The reduction is not applicable in the tax period in which more than 50 percent of the income comes from a person or entity from which the taxpayer has obtained income from work in the previous year to the start date of the activity.

Sample tax calculation

In 2024, Laura received a total gross income of €11,000 that comes from the business activity of sitting dogs during the weekends from different clients. She began the exercise of the business activity in 2024, and she chose the direct estimation method, simplified mode.

Laura incurred the following expenses related to the activity: Social Security expenses €1,100; dog walking equipment (leashes, muzzles) €200.

		€
Gross income		11,000
Less allowable expenses:		
	Social Security expenses	(1,100)
	Other tax deductible expenses	(200)
	Deductible provisions and expenses that are difficult to justify*	(485)
Net taxable income (i)		9,215
Reduction for taxpayers with total income less than 12,000 euros	1,620 - [0.405 x (Net taxable income - 8,000)]**	(1,127.93)
Total reduced net income		8,087.07

*(Gross income - Expenses) x 5%

** 1,620 - [0.405 x (9,215 - 8,000)]

As the final income (pre reductions) in this example is 9,215 euros, which is a quantity between 8,000.01 and 12,000 euros, we need to apply the formula mentioned above for taxpayers with income less than 12,000 euros.

Reporting tax in Spain

The general rule is that taxpayers should file their Spanish income tax returns online. However, there are three other options for the submission of the income tax return (i) to fill the return online, using the corresponding application but submitting the printed form at the bank (in case of

payment) or at the corresponding local tax office (in case of zero/refund tax debt), (ii) telephonically, by scheduling a phone call with the tax offices or (iii) in person, by directly scheduling an appointment with the local tax office. The form used depends on your tax status. Therefore, we recommend you contact your local tax advisor or reach out to the Spanish tax authorities to find out which form you have to use.

Tax resident individuals are subject to Personal Income Tax (PIT) and use Form 100 to file their annual tax return; individuals subject to the special tax regime under article 93 of the Spanish Personal Income Tax Act for workers posted to Spain use Form 151/150.

In addition, self-employed taxpayers must fill Form 036 or Form 037 in order to inform the Spanish tax authorities that you are going to start a new business activity. Form 037 is a simplified census declaration form that may be used for those individuals who meet the following conditions:

- They are residents in Spain.
- They have Spanish tax ID (NIF).
- They do not have the condition of large company.
- They do not act through a representative.
- Their tax domicile coincides with the administrative management domicile.
- They are not included in the special regimes of the Value Added Tax, with the exception of the Simplified Regime, Special Regime for Agriculture, Livestock and Fishing, or Special Regime of equivalence surcharge or Special Regime of the cash criterion.
- They do not appear registered in the Register of intra-community operators or in the monthly refund register.
- They do not carry out any of the non-subject acquisitions foreseen in article 14 of the Spanish VAT Law.
- They do not carry out distance sales.
- They are not taxable persons of Special Taxes nor of the Tax on Insurance Premiums.
- They do not pay income from movable capital.

In any case, we recommend that you check your PIT obligations with a local qualified professional in order to analyse your concrete Spanish tax obligations.

Reporting tax - filing deadline

For regular tax residents and individuals subject to the special tax regime, the filing and payment deadline is usually June 30 of the following tax year (for example, the deadline to submit income tax returns for the 2023 tax year would be June 30, 2024).

Also, Form 130 is a return used to pay personal income tax in instalments. If an individual is performing a business activity subject to PIT, they would have, in general terms, the obligation to report and pay the corresponding PIT on a quarterly basis through form 130. This Form in Spain covers quarterly periods (e.g., January - March) and must be filed by the 20th day of the month following that quarterly period (e.g., the January - March Form 130 should be filed by April 20th). The payment must be made on the same day the Form is filed. As mentioned above, the general rule is that all tax forms must be filed online, however, there are other options for the submission of these kind of returns (i.e., (i) to fill the return online using the corresponding application but submitting the printed form at the bank (in case of payment) or at the corresponding local tax

office (in case of zero/refund tax debt) or (ii) in person, by directly scheduling an appointment with the local tax office). In addition to this, please note that if you wish to perform the tax payments by direct debit, the deadline to file the forms will be on the 15th day of the month following each quarter.

You will find more information on the [Spanish tax authorities' website](#).

Spanish tax authorities' contact details

The telephone numbers for general information are +34 901 335 533 and +34 91 554 87 70. The tax officials normally only speak Spanish.

You will find more contact information on the [Spanish tax authorities' website](#).

VALUE ADDED TAX

Broadly speaking, VAT applies to most consumer goods delivery and services supplied in Spain (the Canary Islands and the cities of Ceuta and Melilla are not part of Spanish territory for VAT purposes).

A person established in Spain who supplies goods and/or services in Spain may have to charge VAT and pay this to the Spanish tax authorities (in general terms, if the recipient is a final customer).

If you are currently providing pet services, you may be required to apply VAT to the income charged and to pay this VAT amount to the Spanish tax authorities. As Rover is not supplying the pet service, it is the responsibility of the person supplying pet services to consider local VAT obligations of the consideration charged to pet owners.

Do I need to collect any VAT from the pet owners in Spain?

In general, individuals that habitually or occasionally perform a business activity in Spanish territory for VAT purposes must charge VAT for the supply of goods and services. This qualification (VAT Taxpayer) must be case-by-case analysed.

You are required to register for VAT purposes if you perform VAT taxable activities subject to and not exempt from VAT in Spanish territory (no minimum threshold currently applies in Spain) and are established in the Spanish VAT territory.

Depending on your personal situation, you might or might not be considered a professional or entrepreneur for VAT purposes, so we encourage you to seek advice from a qualified professional if you need help determining whether you are subject to VAT obligations in Spain.

For further guidance on registering for VAT, please see the Spanish tax authorities' [website](#).

VAT applies to me. How do I determine how much tax I need to collect from pet owners?

On the date of this document, the Spanish VAT rate applicable to the supply of pet services is 21%.

VAT applies to me. How do I collect VAT from pet owners?

If you are obliged to charge VAT on the services provided to pet owners, note that you have to collect VAT from them and file VAT returns to the Spanish tax authorities. Please note that the VAT collected from pet owners should be paid to the Authorities, but these amounts may be compensated with the input VAT amounts. Please contact a local qualified professional for advice in this regard.

To collect VAT from pet owners, some obligations apply, such as issuing an invoice (or a simplified invoice, if applicable) to pet owners indicating, among other compulsory information, the price and the amount of VAT due on those services.

VAT returns in Spain typically cover quarterly periods (*e.g.*, January - March) and they must be filed by the 20th day of the month following that quarterly period (*e.g.*, the January - March VAT return should be filed by April 20th). The payment must be made on the same day the VAT return is filed.

Also, a summarized annual return including all transactions carried out in a year must be filed in January of the following year (exceptions may apply). This return is called a form 390 and must be filed by individuals who file quarterly returns.

For further guidance on filing returns, please see the Spanish tax authorities' [website](#).

In any case, we recommend that you check your VAT obligations with a local qualified professional.

SOCIAL SECURITY OBLIGATIONS

As self-employed persons, in Spain sitters must register as a self-employed with the Social Security. To register in person, you must fill out form [TA 0521 Form](#). You can also do it through the Social Security electronic office.

For further guidance on registering in Social Security, please see the [Spanish Social Security Website](#).

Also, we recommend that you check these obligations with a local qualified professional.