Information Note



Tax

Public, Administrative and Regulatory

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10% VAT on tourist rental properties: what changes from 1 December 2026

Royal Decree-Law 29/2026 of 6 October, adopting urgent measures to protect the social function of housing and expand the supply of affordable housing (Official State Gazette (BOE) No. 249 of 7 October), has amended the Spanish VAT Act so that short-term lettings of furnished dwellings become subject to VAT. The Royal Decree-Law has been in force since 8 October, but this measure will apply from 1 December 2026.

Royal Decree-Law 29/2026 replaces Royal Decree-Law 26/2026, which was not ratified by the Spanish Congress of Deputies, and is likewise still pending parliamentary ratification.

What changes?

Under the new wording of Article 20.One.23 e') of the VAT Act, the exemption for residential lettings no longer covers lettings of furnished apartments or dwellings where either of the following circumstances applies:

- The landlord undertakes to provide any of the ancillary services typical of the hotel industry, such as restaurant, cleaning, laundry or similar services.
- The letting to the same tenant does not exceed 30 nights, unless the property is the landlord's habitual residence, in which case the letting will remain exempt.

These lettings are taxed at the reduced rate of 10% (Article 91.One.2.2 of the VAT Act). The key change, therefore, is that stays of up to 30 nights become taxable even where no hotel-type services are provided. In summary:

a) Stays of 30 nights or fewer with the same tenant: 10% VAT, even without hotel-type services.

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b) Stays of more than 30 nights without hotel-type services: exempt.
c) Lettings with services typical of the hotel industry (cleaning, laundry, restaurant, etc.): 10% VAT, regardless of duration.
d) Landlord's habitual residence without hotel-type services: exempt.

How does it affect owners?

The impact depends largely on how the property is managed. To illustrate, we take a price of €100 per night that the owner decides not to change. From 1 December, that amount will include VAT, so it will break down into a taxable base of €90.91 and VAT of €9.09 payable to the Spanish Tax Agency.

1. Owner who manages the letting directly: maximum impact.

The owner keeps about €91 of every €100 charged, an approximate loss of 9% of the nightly price. On the other hand, the owner will be able to deduct input VAT paid on commissions, services, purchases of materials or furniture, etc., although that deductible VAT will no longer count as an expense for personal income tax purposes (or for corporate income tax purposes, if the property is held through a company).

2. Owner using a property manager, without assigning the operation: relative impact.

The owner will be able to recover the VAT charged on the manager's invoices. For example, if the manager's commission and the costs it bears (cleaning, maintenance, etc.) amount to 30% of the price, the recoverable VAT (21% of €30, about €6) largely offsets the €9 of output VAT: the owner keeps about €97 per night. The impact may even be nil where invoices already included VAT. The formal obligations are the same, although day-to-day operations and invoicing can be delegated to the manager.

3. Owner who assigns the operation to a third party for subletting: no impact.

Lettings for subletting were already subject to VAT at 21%, so the owner's income does not change. For the operator, the measure is even slightly positive: it will charge 10% VAT to the guest without having to add hotel-type services for the stay to be taxable and to recover the input VAT charged by the owner. This brings greater legal certainty, certainty over the tax cost and a lower risk in the event of a tax inspection.

If, on the other hand, the owner passes the VAT on to the guest (€110 per night), the owner's income is maintained and the cost is borne by the customer.

Formal obligations

- VAT registration (Form 036) before starting the taxable transactions, i.e. before 1 December 2026.

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- VAT returns: quarterly Form 303 as a general rule (monthly for large companies and those registered in REDEME or the SII) and the annual summary return, Form 390, unless exempt.
- An invoice for each stay, meeting the requirements of the Spanish Invoicing Regulations (Royal Decree 1619/2012): consecutive number and series, date, issuer's tax ID number and address, description, taxable base, rate and VAT amount. A simplified invoice may be issued where the amount does not exceed €400, VAT included.

Other relevant issues

- Bookings paid in advance. The applicable rate is the one in force when VAT becomes chargeable (Article 75 of the VAT Act): amounts collected before 1 December 2026 are exempt even if all or part of the stay takes place later; amounts collected from that date onwards are taxed at 10%.
- Tourist rental licence. Holding a licence does not in itself mean that 10% VAT applies: what matters is the length of stay per tenant and the services provided. A 31-night stay without hotel-type services is therefore exempt even if the property is licensed. Owners should, however, bear in mind the risk of losing the licence if there is no tourist letting activity for more than six months.
- Landlord's habitual residence. The letting will remain exempt provided residence can be evidenced (for example, through registration on the municipal register and the tax address declared to the Spanish Tax Agency on Form 030).
- Personal income tax and Social Security. VAT registration does not, in itself, turn the income into business income or require registration under the special scheme for self-employed workers (RETA). As a general rule, the income will continue to be classed as income from real estate capital, unless hotel-type services are provided or at least one person is employed full-time under an employment contract (Article 27.2 of the Personal Income Tax Act). If the property is owned by a company, the income is in all cases subject to corporate income tax.
- Owners already carrying on other activities. Owners who are already self-employed or who let other properties on an exempt basis will need to deduct common input VAT using the pro rata rule or the differentiated sectors regime.
- Co-owners. Only the person named on the invoice may deduct the VAT. The usual solution is to register a joint ownership entity (comunidad de bienes) with its own tax ID number, which issues a single series of invoices and files a single Form 303, with income attributed to the co-owners for personal income tax purposes (Form 184).

What should owners do before 1 December?

Given how close the date of application is, owners are advised to review without delay how each property is operated, decide whether VAT will be passed on to the end customer, analyse bookings already paid or pending payment, and prepare their VAT registration and invoicing systems. It is also advisable to follow

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closely the parliamentary procedure for Royal Decree-Law 29/2026, on which its continued validity and final content depend.

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