Year-end tax updates (RD-Law 16/2025)

Tax Alert

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Royal Decree-Law 16/2025 ushers in a number of new direct and indirect taxation measures for 2025 and 2026.

Particularly salient among the newly approved measures are the extraordinary waiver of and deregistration from the Immediate Supply of Information (ISI) system and monthly VAT refund ("REDEME") regime for 2026. They also include the extension of personal and corporate income tax incentives, the maintenance of the limits of the objective assessment regime, the approval of new coefficients for the municipal capital gains tax and a new extension of the corporate moratorium on losses resulting from Covid-19.

24 December 2025 saw the publication in the Official State Gazette of **Royal Decree-Law 16/2025 of 23 December 2025**, extending certain measures to address situations of social vulnerability and adopting other **urgent tax** and social security **measures**.

From a tax perspective, the RD-Law makes provision, as expected, for the waiver of the ISI system and REDEME regime for VAT - particularly relevant for entities that opted for them in the wake of the VERIFACTU Regulations as they will be devoid of purpose following the extension to 2027 of the deadline for the adaptation of electronic invoicing systems. It also provides for extensions of corporate and personal income tax incentives as well as other measures, particularly at the local level. The following amendments, among others, are particularly noteworthy:

- **Extraordinary waiver of and deregistration from the ISI system and monthly VAT refund regime for 2026**

  The RD-Law regulates the extraordinary waiver of the option to keep VAT records via the State Tax Agency's virtual office, and extraordinary deregistration from the monthly VAT refund regime for 2026.

- **Extension of direct taxation incentives for 2026**

  - ✓ With respect to personal income tax ("PIT"), the application of certain tax credits related to energy efficiency improvements in the home and the purchase of electric vehicles and charging points is extended.

  - ✓ As regards corporate income tax ("CIT"), the unrestricted amortisation and depreciation applicable to investments in facilities that use renewable energy and for new vehicles and charging infrastructures is extended.

- **Extension of the quantitative limits** for the application of the objective assessment method for PIT, and the simplified regime and special agriculture, farming and fishing regime for VAT, with adjustments to the periods for waiver and revocation thereof.

- **Other measures:**

  - ✓ Also approved is a new extension of the corporate moratorium on Covid-19 losses - a corporate-commercial measure that has certain tax implications.

  - ✓ Approval of a new maximum coefficients table for the municipal tax on increases in urban land value (the "municipal capital gains tax"), applicable as of 1 January 2026.

  - ✓ Where the cadastral values have been revised, amended or determined by means of a general collective valuation procedure in line with cadastral legislation, the percentage of income attributed for ownership of real estate will remain at 1.1% for 2025 (rather than 2%), provided the values in question entered into force as of 1 January 2012.

  - ✓ The Revised General Social Security Law is amended to eliminate the obligation on recipients of unemployment benefits to file PIT returns.

Broadly speaking, the RD-Law entered into force on 25 December, the day after its publication in the Official State Gazette. However, the envisaged effective date for each of the new measures should be reviewed on a case-by-case basis. Since this is a Royal Decree-Law, it is subject to ratification by the Lower House of the Spanish Parliament in accordance with article 86 of the Constitution.

The most relevant tax developments introduced by RD-Law 16/2025 are discussed below.

VALUE ADDED TAX

1. Extraordinary waiver of and deregistration from the ISI system and monthly VAT refund regime for 2026

Royal Decree-Law 16/2025 introduces the possibility (on an exceptional basis for 2026) for taxpayers to waive the option to keep their VAT records via the State Tax Agency's virtual office (ISI), and request voluntary deregistration from the monthly VAT refund regime (REDEME) **outside of the general waiver period** (this right must ordinarily be exercised during the month of November of the preceding year).

This measure comes in the context of numerous extensions to the deadlines for adaptation to the VERIFACTU Regulations.

Particularly worth recalling is Royal Decree-Law 15/2025, which extended the deadline for adaptation to the VERIFACTU Regulations by one year, setting the new timetable as follows:

- **Corporate income taxpayers:**
  - Former deadline: 1 January 2026.
  - New deadline: before 1 January 2027.

- **All other taxpayers** (i.e. self-employed workers subject to personal income tax, permanent establishments subject to non-resident income tax and entities engaging in economic activities and subject to the pass-through regime):
  - Former deadline: 1 July 2026.
  - New deadline: before 1 July 2027.

  The timetable envisaged for electronic invoicing system manufacturers and traders, who had to have fully adapted invoicing systems on the market by 29 July 2025 (nine months following the entry into force of Order HAC/1177/2024), and the virtual office service for the receipt of invoicing records sent via verifiable invoicing systems remain unchanged.

Extraordinary periods introduced by Royal Decree-Law 16/2025:

The above legislation left pending a specific solution for taxpayers who had opted for the ISI or REDEME with effect from 1 January 2026, essentially with a view to their exclusion from the obligation to adapt their electronic invoicing systems to the VERIFACTU Regulations.

Royal Decree-Law 16/2025 addresses this situation by providing for an extraordinary period for revising these VAT options, including in the VAT Regulations for this purpose a new transitional provision four on the following terms:

- **From 26 December** (the day after the Royal Decree-Law comes into force) and **until 31 January 2026**, taxpayers will be permitted to waive the option to keep their VAT records via the STA's virtual office.

- **Also from 26 December** (the day after the Royal Decree-Law enters into force) and **until 31 January 2026**, taxpayers registered for the REDEME will be able to voluntarily apply for deregistration.

2. Limits on the application of the simplified regime and the special regime for agriculture, farming and fishing activities

The scales for the application of these regimes in 2025 and 2026 are extended. Moreover, a new period is established for filing waivers or requests for revocation where the regime is due to become effective for 2026: this period runs from 26 December 2025 to 31 January 2026. However, waivers and revocation requests submitted in December 2025 will be deemed valid, notwithstanding the possibility for taxpayers to amend their decision within the time limit envisaged for this purpose.

PERSONAL INCOME TAX (PIT)

I.- Measures in effect as of 1 January 2025

1. Extension of the tax credit for works to improve the energy efficiency of residential properties and buildings.

The temporary tax credit for works to improve the energy efficiency of residential properties originally approved by Royal Decree-Law 19/2021 and which has already been extended, is further extended until 31 December 2026.

This tax credit is set at **20%** or **40%** (depending on the scope of the works) of the amounts paid to undertake works aimed at:

- reducing non-renewable primary energy consumption,
- reducing the demand for heating, and
- reducing the demand for cooling in the taxpayer's main residence or properties

allocated to rental, provided the relevant amounts are paid before 31 December 2026 for works performed during this period. It is worth recalling that this tax credit has already been extended several times, and careful regard must thus be had to the specific wording applicable to each personal income tax self-assessment.

The relevant tax credit will amount to **60%** of amounts paid for energy-saving refurbishment works on residential buildings, provided such amounts are paid by 31 December 2027 for works performed during the above period. This tax credit has already been extended several times, and careful regard must thus be had to the specific wording applicable to each personal income tax self-assessment.

Both RD-Law 18/2022 and RD-Law 8/2023 extended the time frame for application of this tax credit. It was subsequently extended for a further year by RD-Law 9/2024. However, the decision of the Lower House of the Spanish Parliament not to ratify RD-Law 9/2024 rendered the latter extension ineffective.

Royal Decree-Law 16/2025, effective from 1 January 2025, extends the period of application of this tax credit. The deadlines envisaged in the regulations governing these credits (i.e. the deadline by which the residential properties on which the works in question are performed must be leased, and the deadline for issue of the relevant energy efficiency certificate) are also extended with respect to those initially envisaged.

2. Income attribution rate

The ownership of urban and rural properties containing buildings that are not essential for the pursuit of agricultural, livestock or forestry operations, are not used for economic activities, and do not generate income (excluding main residences and unbuilt land), give rise to the attribution of income for personal income tax.

The amount to be attributed is quantified by applying to the cadastral value one of the two coefficients established in the regulations:

- 1.1% of the cadastral value reviewed, amended or determined by means of a general collective valuation procedure that entered into force as of 1 January 2012.
- in all other cases, 2%.

RD-Law 16/2025 extends this measure regarding the attribution of real estate income under article 85 of the PIT Law to 2025.

3. Extension of the thresholds and deadlines for the objective assessment method

Except in the case of agriculture, farming and fishing activities, which are subject to specific quantitative limits, the limits for application of the objective assessment method are extended and a new filing deadline is established for waivers or revocation requests in respect of this regime.

Transitional provision thirty-two of the PIT Law is amended to extend to the 2025[1] and 2026 tax periods the quantitative thresholds for exclusion from the objective assessment method for PIT purposes. Taxpayers will thus cease to be eligible for such method where:

- Their total income from economic activities, with the exception of agricultural, livestock and forestry activities, exceeds €250,000;
- Their total income in the immediately preceding year from invoiceable transactions in which the recipient is an entrepreneur or professional acting as such exceeds €125,000.
- Their total volume of purchases of goods and services, excluding acquisitions of fixed assets, in the previous year exceeds €250,000.

The period for filing waivers or requests for revocation of the objective assessment method will begin on 26 December 2025 and end on 31 January 2026. Waivers and revocation requests submitted in December 2025 will also be deemed valid, notwithstanding the fact that taxpayers may alter their decision within the time period envisaged for such purpose.

II.- Measures effective as of 1 January 2026

1. Extension of the tax credit for the acquisition of plug-in and fuel-cell electric vehicles and charging points.

[1] RD-Law 9/2024 extended to the 2025 tax period the quantitative limits that defined the scope of the objective assessment method for PIT purposes - with the exception of agricultural, livestock and forestry activities, which are subject to a specific revenue-based quantitative limit -, and the limits for application of the simplified and special agriculture, livestock and fishery regimes for VAT. However, RD-Law 9/2024 was never ratified by the Lower House of the Spanish Parliament and these measures were thus rendered ineffective.

The period of application of two personal income tax incentives that were introduced to encourage the private purchase of electric vehicles is extended.

Specifically, the following benefits are extended until 31 December 2026:

- The tax credit for the acquisition of new plug-in electric vehicles, and
- The tax credit for the installation of charging points.

The main features of these tax credits are detailed below:

Tax credit for the acquisition of new plug-in and fuel cell electric vehicles not used for economic activities

- **Scope of application:** new electric vehicles purchased between 30 June 2023 and 31 December 2026, and down payments made to sellers between 30 June 2023 and 31 December 2026 and representing at least 25% of the purchase value of the vehicle.

- **Amount of the credit:** 15% of the acquisition value of electric vehicles or of down payments.

- **Requirements:** the vehicles must be new vehicles acquired between 30 June 2023 and 31 December 2026, must not be used for economic activities and must be registered in Spain. The vehicles must fall under one of the following categories: passenger vehicles (M1); light quadricycles (L6e), heavy quadricycles (L7e), or motorcycles (L3e, L4e or L5e).

- **Use of the credit**: in the case of acquisition, the tax credit must be taken in the year in which the vehicle is registered. In the case of down payments, the tax credit must be taken in the tax period in which the down payment is made, and the remaining amount must be paid, and the vehicle acquired, before the end of the second tax period immediately following the period in which the down payment was made.

- **Maximum tax credit base**: Euros 20,000, calculated as the acquisition value plus expenses and sales taxes, less any subsidies received or yet to be received via a state aid scheme.

- **Price of the vehicle:** this may not exceed the maximum amount established, where applicable, for each type of vehicle listed in Annex III to Royal Decree 266/2021of 13 April 2021:

<table>
<tr><th>Propulsion type</th><th>Category</th><th>Range in electric mode (km) according to WLTP cycle</th><th>Vehicle sale price limit (€) excluding VAT or Canary Islands general indirect tax (CIGIT)</th></tr>
<tr><td>Fuel cell (FCV, FCHV)</td><td rowspan="3">M1</td><td>–</td><td>–</td></tr>
<tr><td rowspan="2">PHEV, EREV, BEV</td><td>Equal to or greater than 30 and less than 90</td><td rowspan="2">45,000 (53,000 for BEV, 8-9 seats)</td></tr>
<tr><td>90 or more</td></tr>
<tr><td>PHEV, EREV, BEV, fuel cell</td><td>N1</td><td>30 or more</td><td rowspan="3">–</td></tr>
<tr><td rowspan="3">BEV</td><td>L6e</td><td rowspan="2">–</td></tr>
<tr><td>L7e</td></tr>
<tr><td>L3e, L4e, L5e, with P ≥ 3kW</td><td>70 or more</td><td>10,000</td></tr>
</table>

Tax credit for the installation in properties of EV charging stations for vehicles not used for economic activities:

- **Scope of application**: installation, during the period running from 30 June 2023 to 31 December 2026, of EV charging stations for vehicles not used for economic activities at a property owned by the taxpayer.

- **Amount of the credit:** 15% of the amounts paid for the installation of the above charging systems.

- **Maximum annual tax credit base:** Euros 4,000, calculated as the amounts paid, by credit or debit card, bank transfer, bearer cheque or deposit into a credit institution account, to the persons or entities installing the charging station, less any subsidies received. On no account will amounts paid in cash give entitlement to the tax credit. Amounts paid will mean the amounts needed to install the charging station (investment in equipment and materials, expenses relating to the installation of the system and the work needed to run it).

- **Use of the credit**: the tax credit must be taken in the tax period in which installation is completed, which may not be later than 2026. Where installation is completed in a tax period after the year in which the payments for the installation were made, the tax credit must be taken in the year in which the amounts were paid, having regard to the amounts paid between 30 June 2023 and 31 December of that period. Application of the tax credit will be subject to obtainment of the authorisations and permits provided for in the legislation in force.

2. Exemption for benefits in respect of personal injury from forest fires

As of 26 August 2025, the personal injury payments referred to in the Cabinet Decision of 26 August 2025 declaring territory affected by forest fires and other civil protection emergencies that occurred between 23 June and 25 August 2025 "areas seriously affected by a civil protection emergency" are exempt from personal income tax.

CORPORATE INCOME TAX

Measures effective for tax periods commencing as of 1 January 2025

1 Extension of the option to apply unrestricted depreciation and amortisation to investments in facilities using energy from renewable sources

By means of a new additional provision in the Corporate Income Tax Law, RD-Law 18/2022 introduced a specific unrestricted amortisation and depreciation scenario for investments in facilities for the self-supply of electricity and thermal energy, provided, in both cases, that the facilities in question used energy from renewable sources and replaced facilities that used non-renewable fossil fuels.

This tax incentive, initially envisaged for 2023, was extended to 2024 by Royal Decree-Law 8/2023.

It was subsequently extended to 2025 by Royal Decree-Law 9/2024 but rendered ineffective as a result of its non-ratification by the Lower House of the Spanish Parliament. RD-Law 16/2025 now extends this incentive with effect from January 2025.

In light of the amendment introduced by RD-Law 16/2025, the main features of and requirements for this unrestricted amortisation and depreciation option are as follows:

- It may be applied in respect of facilities entering into operation in 2023, 2024, 2025 and 2026.
- It may be applied to tax periods commencing or ending in 2023, 2024, 2025 and 2026
- It is capped at a maximum amount of Euros 500,000; and
- It is subject to the total average workforce for the 24 months following the commencement of the tax period in which the facilities become operational remaining unchanged with respect to the 12 months preceding such period. Failure to fulfil this last requirement will entail the obligation to reimburse any excess amounts deducted, together with the related late-payment interest in the year in which the requirement is not fulfilled.

Finally, the RD-Law provides for certain scenarios in which unrestricted amortisation and depreciation does not apply and specifies the way in which use of the facilities is to be documented.

2 Extension of unrestricted depreciation for certain vehicles and charging infrastructures.

The investments eligible for this tax incentive (initially accelerated depreciation, now unrestricted depreciation[2]) are:

- **New FCVs, FCHVs, BEVs, REEVs and PHEVs**, as these are defined in Annex II to the General Vehicle Regulations approved by Royal Decree 2822/1998 of 23 December 1998.
- Normal or high-power electric vehicle charging infrastructure, as this is defined in article 2 of Directive 2014/94/EU of the European Parliament and of the Council of 22 October 2014 on the deployment of alternative fuels infrastructure.

To be eligible for this incentive, the facilities invested in must be used for economic activities and enter into operation in the tax periods beginning in 2024, 2025 and 2026, and must comply with certain formal requirements provided for in the legislation.

[2] With effect for tax periods starting from 1 January 2024, Royal Decree-Law 4/2024 replaced the accelerated depreciation applicable to certain vehicles and new charging infrastructure with unrestricted depreciation. The accelerated depreciation applicable to certain vehicles, which was replaced by the more advantageous unrestricted depreciation, was introduced by Law 31/2022 approving the General State Budgets for 2023.

LOCAL TAXES

Approval of the 2026 coefficients for the tax on the increase in urban land value (or "municipal capital gains tax").

RD-Law 6/2021 established a new system for determining the tax base for the TIULV, providing for two alternative methods for its calculation: (i) an objective calculation method; and (ii) an alternative method.

Under the objective method, the tax base is obtained by multiplying the cadastral value of the land in the year in which the conveyance takes place by coefficients based on the number of years over which the value has increased.

RD-Law 26/2021 set out a table of coefficients which, it noted, factored in the situation of the real estate market and would be updated on an annual basis (the last update[3] was implemented by means of RD-Law 8/2023).

RD-Law 16/2025 updates the maximum amounts of the coefficients to be applied as of 1 January 2026, as shown in the following comparison with the previous coefficients.

Generation period	Coefficient 2026	Coefficient Previous
Less than 1 year	0.16	0.15
1 year	0.15	0.15
2 years	0.15	0.14
3 years	0.15	0.14
4 years	0.16	0.16
5 years	0.18	0.18
6 years	0.20	0.19
7 years	0.22	0.20
8 years	0.23	0.19
9 years	0.21	0.15
10 years	0.16	0.12
11 years	0.13	0.10
12 years	0.11	0.09
13 years	0.10	0.09
14 years	0.10	0.09
15 years	0.10	0.09
16 years	0.10	0.10
17 years	0.12	0.13
18 years	0.16	0.17
19 years	0.22	0.23
20 years or more	0.35	0.40

OTHER MEASURES

- The suspension of grounds for winding up is extended, so that losses arising from the COVID-19 pandemic to 2020 and 2021 will not be taken into account until the close of the year commencing in 2026.

  This corporate-commercial measure will have a major fiscal impact for tax consolidation groups, as article 58.4 of Corporate Income Tax Law 27/2014 of 27 November 2014 provides that entities presenting an equity imbalance per article 363.1 e) of the Revised Spanish Companies Act at the end of a given tax period ("n") may not form part of a tax consolidation group unless the situation has been redressed at the end of the year in which the annual accounts for that year are approved (generally in the following year ("n+1")).

  In other words, for companies to avoid being excluded from the tax consolidation regime, the situation must have been redressed by the end of the year following that in which they presented the equity imbalance. The fact that losses incurred in 2020 and 2021 will not be taken into account when calculating the "equity imbalance" will enable many companies to avoid exclusion from tax groups.

  The new extension will coexist with the suspension of the grounds for winding-up due to losses resulting from the flooding in Valencia, provided for in Royal Decree-Law 1/2025, which remains in force.

- Aid for those affected by the flooding in Valencia in October 2024 and for the reconstruction of the affected municipalities is extended to include both direct aid and personal and corporate income tax exemptions for professionals, companies and entities without legal personality that are engaged in economic activities in these territories.

[3]RD-Law 9/2024 approved the 2025 coefficients for the tax on the increase in urban land value. However, RD-Law 9/2024 was not ratified by the Lower House of the Spanish Parliament and these coefficients were therefore repealed.

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