



# Guidelines in Personal Taxation

- **Information you should know if you are considering to establish residency in Spain**
- **Special tax regime for individuals who move to Spain**
- **Information you should provide to tax authorities if you move to Spain**

# Information you should know if you are considering to establish residency in Spain

- You are considered a resident if you comply one of the following:
  - ▶ Stay in Spain for more than 183 days a year (1/2 a year)
  - ▶ Have in Spain your main source of economic activity
  - ▶ Your spouse and children live in Spain
  - ▶ OECD defines “center of vital interests”
- In any of these cases you should pay IRPF (Personal Income Tax as a resident) and IP (Impuesto sobre Patrimonio, “Wealth Tax” or “Net Worth tax”)

# Why is important to establish tax residence

| Concept       | IRNR   | Double Tax Treaty (Belgium)   | IRPF        |
|---------------|--------|-------------------------------|-------------|
| Sallary       | 20%    | study case by case            | 20% to 47%  |
| Dividends     | 19%    | 15%                           | 20%-22%-24% |
| Real Estate   | 20%    | where the property is located | 20% to 47%  |
| Interests     | 19%    | 10%                           | 20%-22%-24% |
| Royalties     | 20%-0% | 5%                            | 20%-22%-24% |
| Capital gains | 19%    | study case by case            | 20%-22%-24% |

**You can optimize the taxation with a good plan and execution**

# Special tax regime for individuals who move to Spain

- **You need to apply for it**
- **Who is eligible**
  - ▶ **People moving as a consequence of a work contract**
  - ▶ **Directors of companies**
  - ▶ **Restrictions:**
    - ▶ **They cannot have been residents in Spain the 10 previous years**
    - ▶ **From 01/01/2015 professional athletes excluded**

# Special tax regime for individuals who move to Spain

## ● Pros

- ▶ Even though the person is seen as a “resident”, he can be taxed according to non-resident income tax Act

| Income          | 2015 | 2016 |
|-----------------|------|------|
| Up to € 600,000 | 24%  | 24%  |
| From € 600,000  | 47%  | 45%  |

- ▶ Impuesto sobre Patrimonio / “Wealth Tax” / “Net Worth Tax” only for property + rights – debts located in Spain

## ● Cons

- ▶ Taxpayers choosing this option are not classified as residents for the purposes of applying a double taxation agreement, as they are subject to taxation only for the income they obtain from sources located in Spain.

# Information you should provide to tax authorities if you move to Spain (I)

- **Form 720 (Tax Agency): properties and rights you owe abroad**
  - ▶ Bank accounts / shares / assurances / loans / real state valued over 50k € each
- **Form ETE (Economy Ministry)**
  - ▶ = form 720 but “only” related to financial assets
- **Form D6 (Central Bank of Spain)**
  - ▶ Similar information as the 2 previous

# Information you should provide to tax authorities if you move to Spain (II)

- **PIT (Personal Income Tax) or IRPF (for residents in Spain) vs. non-resident PIT or “IRNR”**
  - ▶ **PIT / IRPF: worldwide earnings / income applying Double Tax Treaty**
  - ▶ **Nonresident PIT / IRNR: earnings only in Spain**
- **Declaration of “Impuesto sobre Patrimonio” / “Wealth Tax” / “Net Worth Tax”**
  - ▶ **If resident: must declare worldwide equity**
  - ▶ **If nonresident or Special Regime: only properties and rights in Spain**



# IMB Grup: The team

- ✓ A firm with more than 30 years of experience
- ✓ 5 partners
- ✓ More than 25 professionals
- ✓ Office in Barcelona

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# What we do?

- ✓ Tax law
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- ✓ International trade & customs
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**Thanks for your attention**

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