

SPANISH



TAX GUIDE



BLACKTOWER
FINANCIAL MANAGEMENT GROUP

Introduction

Spain is still one of the most popular destinations for British expatriates. Having made the decision to move to Spain, it is essential that you plan prudently in order to optimise your finances, particularly in relation to the implications of income and capital gains/savings taxes as well as wealth tax, rental tax, succession tax and gift tax for example.

Tax laws in the UK and Spain differ significantly and if you are going to manage your wealth successfully, the support and guidance of a professional who understands all the relevant cross-jurisdictional issues will be an invaluable asset. As a simple example, which will be discussed later in this document, winnings and growth from all the common UK tax efficient savings vehicles such as premium bonds and ISAs are taxable in Spain.

The contents of this Tax Guide are believed to be correct at the date of publication. Every care has been taken that the information in this Guide is accurate at the time of release. However, all information and tax figures are subject to change and you should always make enquiries, check details and, where necessary, seek legal advice before entering into any transaction.

The information is for guidance only and does not constitute advice. You should seek professional tax advice tailored to your needs and circumstances before making any decision.

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Your residency status and tax

Tax residency status determines which country's tax laws are used to tax your worldwide income and gains.

United Kingdom Nationals

Since Brexit, United Kingdom nationals no longer have an automatic right to Residency in the EU.

U.K. nationals not currently living in Spain must apply for a residency permit. These can be granted for study, work, business (for those looking to start a company in Spain), as a non-lucrative (non-working) visa, as a family member of an EU national, or a golden visa for those investing 500,000 in Spain.

Spanish residency

Spain does not allow split year treatment for tax status. You are considered tax resident if you are resident in the country for more than 183 days during the year (January to December) or if your major sources of income or economic activity occur in the country. Family ties may also determine your status

Whatever the case, you should always seek advice as how to best define and process your status and application.

– for example, if your spouse or dependent children live in the country.

UK residency

In terms of UK tax residency, your status is determined under the UK Statutory Residence Test.

Automatic overseas resident
Automatic UK resident
Sufficient ties

- Automatic overseas resident
- Automatic UK resident
- Sufficient ties

In the event you do not meet the respective criteria for either of the 'automatic' residence tests, the third status is assessed based on the number of days you are resident in the UK together with an assessment of your 'ties' to the UK.

Qualifying ties include:

- Having 'substantive' work in the UK
- Having family in the UK
- Having housing or accommodation in the UK
- Spending more time in the UK than any other country, together with at least 91 days in the UK over the previous two years

It is important that you seek advice regarding how any of the above circumstances affect your residency status.

Social security and tax status

To get a Visa to live in Spain you must have Private Healthcare for at least the first year of Residency.

Working in Spain

If you are working, you should make sure you are paying social security to the correct country. It is important to note that it may not always be prudent to pay this in the same country in which the work is actually performed. Any failure in this regard can affect your ability to receive state pensions, state healthcare and other benefits. Furthermore, you may incur penalties if you do not follow the rules and consequently fail to meet your obligations.



The UK/Spain double tax treaty

The terms of the UK/Spain Double Tax Treaty mean it is only possible to be tax resident in one of the two countries at any given time.

The treaty includes rules to help you establish your tax residency. However, as your circumstances may change it is important that you take regular advice to ensure your circumstances continue to align with the rules necessary for your status. Any oversights in this regard could prove costly.

Establishing tax efficiency

Although the UK/Spain Double Tax Treaty prevents income from being taxed in both countries, in some cases it may be possible to pay tax in the wrong country and to consequently pay more than you need to.

Many expatriates in Spain mistakenly continue to pay tax in the UK, particularly if their main source of income is derived from UK pensions, UK savings or other UK-based assets. Taking early-stage advice can help expats establish tax-efficient arrangements that reduce tax liability and consequently increase cash flow.

Any failure to declare income to the Spanish authorities can result in penalties and/or prosecution for tax evasion. Paying tax in the UK is no defence in these circumstances. And although it is possible to offset tax paid in one country against tax due in the other, this does not always prove advantageous. It is better to avoid the higher liability in the first place. Finding the arrangement that is most suitable for the individual is rarely straightforward, so it is important to take advice regarding the most tax-efficient arrangement for your circumstances.

What is tax efficient in the UK may not be tax efficient in Spain, and vice-versa. For example both premium bond winnings and Individual Savings Accounts (ISAs) are tax-free in the UK. However, they may attract considerable tax liability in Spain, so it is likely you may want to restructure any investments of this type before you begin residency in the country. What is tax efficient in the UK may not be tax efficient in Spain, and vice-versa. For example both premium bond winnings and Individual Savings Accounts (ISAs) are tax-free in the UK.

Furthermore, you may wish to consider the tax efficiency of the following investments when moving from the UK to Spain:

- Personal Equity Plans (PEPs) – attract capital gains tax on disposal
- UK pension plans and annuities
- Investment Bonds – Spanish law does not provide for the same beneficial tax-deferred allowance as in the UK
- Open Ended Investment Companies (OEICs)
- Investment Bonds
- UK shares – Dividends are taxable in Spain whether the income is received or reinvested
- ISAs - Although it is possible to hold on to an ISA once you have left the UK for Spain, you will be unable to make any further contributions to the account. Furthermore, all income and gains derived from an ISA are liable for tax in Spain. If you are becoming, or are already, resident in Spain, you should consider the myriad alternative investments available as they are likely to prove more beneficial than an ISA.

Offshore Bank Interest

The worldwide bank interest income of residents in Spain is subject to a tax rate of between 19% and 26% in Spain, regardless of where in the world the account is situated and whether it is used to make withdrawals etc. Furthermore, this rate is subject to limits imposed by the UK/Spain Double Tax Treaty.

It is worth speaking with your adviser about the possibility of adding any such interest to your other income and to tax it accordingly.

Rental income

Rental Income from UK Property

There are more than 1.75 million landlords in the UK and many of these are expats who have multiple properties in the UK. Often these serve as a kind of proxy pension fund. Others may have one or more UK properties which they no longer live in, but do not wish to sell because of personal or familial attachments.

Rental income from UK properties remains taxable in the UK regardless of residency status and must be appropriately reported in both the UK and Spain. For residents in Spain, UK rental income is also taxable in Spain, where it is added to all other income and taxed at the scale rates of tax. However, tax paid in the UK can be offset against the Spanish tax on the same income.

Residents of Spain with long-term rental agreements are entitled to a 60% reduction against net rental income; this includes both rental properties owned inside and outside the country. Furthermore, some expenses are deductible.

Rental income from property in Spain

Renting out Spanish property is a common investment for many expats in Spain. Owning Spanish property can help you feel connected to the country, provides real-estate security, and can also provide an invaluable cash flow.

However, all rental income derived from property owned in Spain is subject to tax. For non-residents of Spain living within the EU or EEA, this income attracts a flat rate tax of 19% (although mortgage interest, agency fees, repairs, and some other expenses are tax deductible).

Residents from outside the EU or EEA (this now includes the UK) are subject to a higher flat rate tax of 24% with no allowable deductions.

Note: A license may be required in Spain before you can rent out your property.

Spains property wealth tax

Any Spanish properties that are not being lived in and are not being rented out are subject to a separate tax. This is calculated on the notion that you receive annual income at a rate of 1.1% of the state-sanctioned valuation of the property if the property has been valued within the past decade, or at 2% if no valuation has occurred during the preceding ten years.

This income is known as 'imputacin de rentas inmobiliarias' and is assumed by the state regardless of whether you actually receive it or not; as such it is deemed to be taxable. For residents and non-residents who live in the EU or EEA it is taxed at a flat rate of 19%. A higher rate of 24% applies to residents outside of the EU and EEA.

Overseas properties owned by residents in Spain attract a similar tax on the notional income. However, the assumed income is calculated as 1.1% of 50% of the purchase price. This is then subject to a 19% or 24% tax depending on whether you live within the EU/EEA.

Capital gains on property

You are likely to be exempt from capital gains tax on the proceeds from a sale of your main Spanish residence provided you are over 65 and have lived in the property for at least three years. Similarly, you will be exempt if you are under 65 and reinvest the entire sum in a new residence.

The UK/Spain Double Tax Treaty dictates that any gains realised from the disposal of UK properties attracts Spanish capital gains tax of up to 26%. This is true regardless of whether the property was your main residence, although you may still qualify for the exemptions outlined above.

It is worth bearing in mind that you will also be liable for UK capital gains tax for gains accrued after 6 April 2015, even if you are resident in Spain. Unless you have particular reasons for owning UK property while residing in Spain it may be worth consulting your adviser about the potential benefits of alternative investments.

Undeclared income or “black money”

Not that long ago in Spain many property transactions were borderline in their legitimacy as neither vendor nor buyer always disclosed the full value of the transaction. Not only is this practice of under-declaring the purchase price illegal, it can also result in a much larger capital gains liability than would otherwise apply when the property is sold further down the line. Such ‘black money’ transactions should be avoided.

Succession laws

In August 2015 Spain implemented an EU regulation known as 'Brussels IV'. Under the terms of Brussels IV, if you reside in Spain you can choose to have UK succession law apply to your estate, otherwise Spanish succession law will apply automatically upon your death, including if you die intestate (without a Will).

There may be significant advantages to electing UK succession law: Spain's forced heirship rules do not allow you to choose certain beneficiaries – for example stepchildren – while simultaneously forcing you to hand on as much as half of your estate to your 'bloodline' – this includes children (biological and adopted), spouse, parents and grandparents, regardless of whether you want this.

You should be aware that if you are a resident in Spain, the country's succession law will apply to all your worldwide assets (excluding non-Spanish real estate). As such, careful planning in relation to succession laws and inheritance taxes is essential.

Note: By stating UK law of Succession it doesn't mean that you are not subject to Spanish inheritance tax, it just means you can nominate beneficiaries of choice.

Wills and probate

UK Wills are valid in Spain but can be complicated by the cross-jurisdictional probate process – the Will needs to be translated and notarised before it will be ready for the Spanish probate process. It can be a laborious and time-consuming process negotiating cross-border probate before assets can be distributed.

It is important to be careful and to take advice. Writing a Spanish Will, even if it is just for your Spanish assets, can potentially invalidate your UK Will and in some cases may even lead to disputes between your heirs.

Note: You should ensure that it/they encompass your worldwide assets.

Inheritance tax

Inheritance tax in Spain is known as Succession tax (ISD) and unlike the UK it is the beneficiary that is liable for the tax not the Estate.

Both lifetime gifts and bequeathed assets are liable for Spanish succession and gift tax. This is true for all assets situated in Spain regardless of who the asset/gift has been given to (including spouses) and applies regardless of the recipient's country of residence.

As such all of the following assets in Spain attract this tax:

- Property
- Cash
- Stocks
- Valuable items such as paintings or antiques

Tax Obligations of Beneficiaries in the UK

Inheritance tax in the UK is paid by the estate. In Spain, succession and gift tax is paid by the beneficiaries. However, just as in the UK, the tax must be paid before the assets can be released. This can make matters complicated, particularly as in most cases the tax must be paid within six months of the testator's death.

The applicable rate of tax is calculated according to the following criteria:

- The relationship between testator (donor) and beneficiary (donee).
- The value of what is being passed on.
- The pre-inheritance wealth of the beneficiary.
- The respective residence status of the testator and beneficiary

Regional differences

Rates of tax and exemption thresholds may vary in Spain depending on the rules of the applicable autonomous region you are residing in. However, sometimes the state rules may apply and working out which takes precedence can be complicated for the uninitiated.

National tax exemption thresholds are 16,000 for spouses, parents or children older than 21 – further reductions are available against the value of the main home, although their complicated nature means it is best to take advice in this regard.

It is important to note that although some autonomous regions have more favourable rates in place than others, overall there is not a great deal of variance in approach.

Unmarried couples, step-families and succession law

Spanish succession laws mean that any person who is considered a ‘desconocido’ (stranger – not married to the deceased or related through marriage) could be liable for a succession or gift tax of up to 82% on the value of any gifted or inherited asset. However, this level is rarely applied. Unmarried couples, step-children and other non bloodline families should be prepared and it is wise to plan carefully in order to reduce tax liability as much as possible.

Civil partners and same-sex marriages

Spain recognises same sex marriages performed in other countries and allows same sex marriage within its own law. However, UK civil partners are not recognised as ‘married’ for tax and other purposes. To receive marriage legal rights in Spain, including tax benefits, you should therefore seek to convert your civil partnership into a UK civil marriage or a Spanish civil partnership or “pareja de hecho”.

Modelo 720

The Common Reporting Standard (CRS)

You should declare all your assets and accounts. Spain is signatory to the Common Reporting Standard, under which almost 100 jurisdictions automatically exchange tax and financial information on a global level. Failure to declare could result in significant fines and penalties.

All residents of Spain are required by law to declare all assets they hold outside Spain worth more than 50,000 (total - per asset class), regardless of the holder's nationality. The reporting form for these assets is known as Modelo 720.

Modelo 720 divides assets into four groups:

- Overseas property
- Cash, deposits, ISAs – held in overseas financial entities
- Financial assets (bonds, investments, pensions, insurances) located abroad
- Crypto Assets

The Spanish tax agency (Agencia Tributaria) issue fines for any nondisclosure of assets – there is no limit to how far back fines may be retrospectively imposed for historical incidents of non-disclosure.

Under Spanish law tax investigations can go back four years, so the income would be deemed to arise four years prior to the year the asset is discovered and will be taxed at the marginal rates of income tax. Recently however the European Court of Justice have ruled these fines to be excessive.

Still, Blacktower Insurance Agents & Advisors Ltd advise all clients to discuss the Modelo 720 with their tax adviser to ensure that they comply with this law and understand its implications with regards to assets held offshore.

Any person who has assets exceeding a value of 50,000 at 31 December (the official reporting date) is required to submit a report. Modelo 720 reporting is only required in subsequent years in the event the value of the assets reported increases by 20,000 on the previous stated value. You must also report any event involving the sale or closure of an asset previously reported on the form.

Wealth tax

Wealth tax is payable annually on the total net value of your assets at 31 December of that year. All residents of Spain who meet the threshold for this tax are liable on the total value of their worldwide assets. Non-residents are liable only for tax on the value of assets located in Spain. It is important to note that loans are deductible from your net taxable wealth – the exception is if they have been used to purchase or invest in assets which are exempt from wealth tax.

Wealth tax is payable on the value of most assets, including the following:

- Property
- Art
- Jewellery
- Cars
- Yachts
- Savings
- Investments
- Non EU private pensions (includes Final Salary pensions)

Some assets may be exempt from wealth tax. These include the following:

- Some household contents (not jewellery, fur coats, boats, vehicles, art and antiques)
- Certain family companies meeting certain conditions (not including most property investment companies)
- Pension pots – EU based only
- Owner-managed small businesses
- Intellectual property rights owned by the author/creator/artist
- Business assets where income from the business make up at least 50% of the individual's taxable income and meet certain other criteria

Spanish wealth tax is effectively a tax on capital assets. There is no comparable tax in the UK and it can be very difficult to plan for without advice. Furthermore, wealth tax rates may vary depending on the autonomous region in which you or your assets are located. There are limits to Spanish wealth and income tax and this means that there are ways to limit your liability by intelligently managing your assets alongside your total income. It is best to seek advice in this regard.

Conclusion

Professional, expert advice is critical to effectively manage your tax liability in Spain, particularly if there are possible cross-jurisdictional and language issues to consider.

Spain's taxation and succession laws differ markedly from those in the UK – sometimes this may work to your personal advantage, but at other times it may not. It is only by carrying out a full analysis of your situation and with careful planning that you can feel confident of striking a balance that most closely aligns with the interests of you and your family.

At Blacktower, we understand that everyone is different and it is important your adviser has an understanding of you, your circumstances, your long-term goals and your cash-flow needs. We take the time to get to know you and will answer your investment, savings and retirement planning questions so that we may provide a truly bespoke service.

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Tax rates in Spain

Income tax

You should declare all your assets and accounts. Spain is signatory to the Common Reporting Standard, under which almost 100 jurisdictions automatically exchange tax and financial information on a global level. Failure to declare could result in significant fines and penalties.

All residents of Spain are required by law to declare all assets they hold outside Spain worth more than 50,000 (total - per asset class), regardless of the holder's nationality. The reporting form for these assets is known as Modelo 720.

Savings income includes:

- Interest on savings
- Shareholder dividends
- Income from annuities
- Income derived from life assurance contracts
- Capital gains on the sale/transfer of assets

General Income, not categorised as savings-related, includes:

- All earned income (i.e. salary, self-employment and pension income)
- Income from rental properties
- Notional rental income (imputacin de rentas inmobiliarias)
- Royalties
- Any imputed income and gains not made on the sale/transfer of assets (for example, from lottery/gambling)

General income tax

Income tax rates are made up of a state tax plus a regional tax. Each autonomous community sets their own local rates.

The following pages contain the 2022 tables for the regions most popular with expatriates.

Income tax tables

Andalucía

Taxable base from Euros	Taxable base to Euros	National tax rate	Regional tax rate	Total tax rate	Tax on band	Cumulative tax
0.00	12,450.00	9.50%	9.50%	19%	2,365.50	2,365.50
12,450.01	20,200.00	12%	12%	24%	1,860.00	4,225.50
20,200.01	35,200.00	15%	15%	30%	4,500.00	8,725.50
35,200,01	60,000.00	18.50%	18.50%	37%	9,176.00	17,901.50
60,000,01	300,000.00	22.50%	22.50%	45%	108,000.00	125,901.50
300,000.01	Onwards	24.50%	22.50%	47%	-	-

Cataluña

Taxable base from Euros	Taxable base to Euros	National tax rate	Regional tax rate	Total tax rate	Tax on band	Cumulative tax
0.00	17,707.20	12%	12%	24%	4949.73	4949.73
17,707.20	33,007.20	14%	14%	28%	4284.00	9233.73
33,007.20	53,407.20	18.5%	14%	32.5%	6630.00	15863.74
53,407.20	90,000.00	21.5%	18.5%	40%	14637.12	30500.85
90,000.00	120,000.00	23.5%	18.5%	42%	12600.00	43100.00
120,000.00	175,000.00	24%	21.5%	46%	23300.00	68400.85
175,000.00	Onwards	25.5%	21.5%	47%	-	-

Comunidad Valenciana

Taxable base from Euros	Taxable base to Euros	National tax rate	Regional tax rate	Total tax rate	Tax on band	Cumulative tax
0.00	12,450.00	9.50%	9.50%	19%	2,428.00	2,428.00
12,450.01	17,000.00	12%	11%	23%	1,047.00	3,474.00
17,000.00	20,200.00	12%	13.9%	25.9%	829.00	4,303.00
20,200.00	30,000.00	15%	13.9%	28.9%	2,832.00	7,135.00
30,000.00	35,200.00	15%	18%	33%	1,716.00	8,851.00
35,200.00	50,000.00	18.5%	18%	36.5%	5,402.00	14,253.00
50,000.00	60,000.00	18.5%	23.5%	42%	4,200.00	18,453.00
60,000.00	65,000.00	22.5%	23.5%	46%	2,300.00	16,553.00
65,000.00	80,000.00	22.5%	24.5%	47%	7,050.00	23,603.00
80,000.00	120,000.00	22.5%	25%	47.5%	19,000.00	42,603.00
120,000.00	140,000.00	22.5%	25.5%	48%	9,600.00	52,203.00
140,000.00	175,000.00	22.5%	27.5%	50%	17,500.00	69,703.00
175,000.00	300,000.00	22.5%	29.5%	52%	65,000.00	134,703.00
300,000.00	Onwards	23.5%	29.5%	53%	-	-

Islas Baleares

Taxable base from Euros	Taxable base to Euros	National tax rate	Regional tax rate	Total tax rate	Tax on band	Cumulative tax
0.00	10,000.00	9.50%	9.50%	19%	1,900.00	1,900.00
10,000.00	12,450.00	9.5%	11.75%	21.25%	521.00	2,421.00
12,450.00	18,000.00	12%	11.75%	23.75%	1,318.00	3,739.00
18,000.00	20,200.00	12%	14.75%	26.75%	589.00	4,327.00
20,200.00	30,000.00	15%	14.75%	29.75%	2,916.00	7,243.00
30,000.00	35,200.00	15%	17.75%	32.75%	1,703.00	8,946.00
35,200.00	48,000.00	18.5%	17.75%	36.25%	4,640.00	13,586.00
48,000.00	60,000.00	18.5%	19.25%	37.75%	4,530.00	18,116.00
60,000.00	70,000.00	22.5%	19.25%	41.75%	4,175.00	22,291.00
70,000.00	90,000.00	22.5%	22%	44.50%	8,900.00	31,191.00
90,000.00	120,000.00	22.5%	23%	45.50%	13,650.00	44,841.00
120,000.00	175,000.00	22.5%	24%	46.50%	25,575.00	70,416.00
175,000.00	300,000.00	22.5%	25%	47.50%	59,375	129,791.00
300,000.00	Onwards	23.5%	25%	48.50%	-	-

Islas Canarias

Taxable base from Euros	Taxable base to Euros	National tax rate	Regional tax rate	Total tax rate	Tax on band	Cumulative tax
0.00	12,450.00	9.50%	9.50%	19%	2,366.00	2,366.00
12,450.00	17,707.00	12%	12%	24%	1,262.00	3,627.00
17,707.00	20,200.00	12%	14%	26%	648.00	4,275.00
20,200.00	33,007.00	15%	14%	29%	3,714.00	7,989.00
33,007.00	35,200.00	15%	18.5%	33.5%	735.00	8,724.00
35,200.00	53,407.00	18.5%	18.5%	37%	6,737.00	15,461.00
53,407.00	600,000.00	18.5%	23.5%	42%	2,769.00	18,230.00
60,000.00	90,000.00	22.5%	23.5%	46%	13,800.00	21,030.00
90,000.00	Onwards	22.5%	24%	46.5%	-	-

Murcia

Taxable base from Euros	Taxable base to Euros	National tax rate	Regional tax rate	Total tax rate	Tax on band	Cumulative tax
0.00	12,450.00	9.50%	10%	19.5%	2,428.00	2,428.00
12,450.00	20,200.00	12%	12.5%	24.5%	1,899.00	4,327.00
20,200.00	34,000.00	15%	15.5%	30.5%	4,209.00	8,536.00
34,000.00	35,200.00	15%	19.5%	34.5%	414.00	8,950.00
35,200.00	60,000.00	18.5%	19.5%	38%	9,424.00	18,374.00
60,000.00	Onwards	22.5%	23.5%	46%	-	-

Savings income

Capital gains tax / Savings tax

Taxable base from Euros	Taxable base to Euros	Total tax rate
0.00	6,000.00	19%
6,000.1	50,000.00	21%
50,000.1	200,000.00	23%
00,000.01	Onwards	26%

Wealth Tax Rates and Allowances

Wealth tax is payable annually on the total net value of your assets at 31 December of that year. Residents of Spain are liable for the total value of their worldwide assets. Non-residents are liable only for assets located in Spain.

Allowances

Assets	Residents worldwide Euros	Non-residents Spanish assets only Euros
DEDUCTIONS Individual main Home	700,000.00 300,000.00	700,000.00 None
EXAMPLE Married couple 2 x Individual 2 x Main home	1,400,000.00 600,000.00	1,400,000.00 None
TOTAL ALLOWANCES AVAILABLE	200,000.00	1,400,000.00

The above assumes a main home value in excess of 600,000 and all assets held in joint names. For lower value property, the balance of allowance cannot be offset. Autonomous regions can and do vary the allowances and rates. Wealth tax is an individual tax and joint tax returns are not permitted.

Please note: The Catalua individual deduction has fallen from 700,000 to 500,000.

The Comunidad Valenciana individual deduction has fallen from 700,000 to 500,000.

Andalucia has a personal allowance for Wealth Tax of 700,000 and a main residence allowance of 300,000 (each).

Wealth tax rates

Andalucia

From Euros	To Euros	Tax rate	Tax on band	Cumulative tax
0.00	167,129.00	0.2%	334.26	334.26
167,129.00	334,252.00	0.3%	501.37	835.63
334,252.00	668,499.00	0.5%	1,671.24	2,506.87
668,499.00	1,336,999.00	0.9%	6,016.50	8,523.37
1,336,999	2,673,999	1.3%	17,381.00	25,904.37
2,673,999	5,347,998	1.7%	45,457.98	71,362.35
5,347,998.00	10,695,996.00	2.1%	112,307.96	183,670.31
10,695,996	Onwards	2.5%	-	-

The Spanish tax regulations state that cumulative wealth and income taxes cannot exceed 60% of a resident's total taxable income (there is no limit for non-residents), subject to a minimum of 20% of the wealth tax calculation.

From Euros	To Euros	Tax rate	Tax on band	Cumulative tax
0.00	167,129.00	0.210%	350,97	350,97
167,129.00	334,253.00	0.315%	877,41	1,228,38
334,252.00	668,500.00	0.525%	2,632,21	3,860,59
668,499.00	1,336,999.00	0.945%	8,949,54	12,810,13
1,336,999	2,673,999	1.365%	27,199,58	40,009,71
2,673,999	5,347,998	1.785%	74,930,46	114,940,17
5,347,998.00	10,695,996.00	2.205%	192,853,82	307,793,99
10,695,996	Onwards	2.750%	294,114,15	601,908,14

Comunidad Valenciana

From Euros	To Euros	Tax rate	Tax on band	Cumulative tax
0.00	167,129.00	0.25%	418	418
167,129.00	334,253.00	0.37%	618	1,036
334,253.00	668,500.00	0.62%	2,072	3,109
668,500.00	1,336,999.00	1.12%	7,487	10,596
1,336,999	2,673,999	1.62%	21,659	32,255
2,673,999	5,347,998	2.12%	56,689	88,944
5,347,998.00	10,695,996.00	2.62%	140,118	229,061
10,695,996	Onwards	3.12%	-	-

Islas Baleares

From Euros	To Euros	Tax rate	Tax on band	Cumulative tax
0.00	170,472	0.28%	477	477
170,472	340,937	0.41%	699	1,176
340,937	681,869	0.69%	2352	3,529
681,869	1,336,739	1.24%	8,120	11,649
1,336,739	2,727,479	1.79%	24,894	36,543
2,727,479	5,454,958	2.35%	64,096	100,639
5,454,958	10,909,915	2.90%	158,194	258,833
10,909,915	Onwards	3.45%	-	-

Islas Canarias

*State wealth tax rates apply

Murcia

From Euros	To Euros	Tax rate	Tax on band	Cumulative tax
0.00	167,129	0.24%	401	401
167,129	334,254	0.36%	602	1003
334,253	668,500	0.6%	2,005	3,008
668,500	1,336,999	1.08%	7,220	10,228
1,336,999	2,673,999	1.56%	20,857	31,085
2,673,999	4,347,998	2.04%	54,550	85,635
5,347,998	10,695,996	2.52%	134,770	220,404
10,695,996	Onwards	3%	-	-

Succession and gift tax

Rates vary across each autonomous region, and notably in Andaluca, Murcia, Comunidad Valenciana, Catalua, Madrid, Islas Baleares and Islas Canarias.

The following are national rates:

First, beneficiaries are divided into the following four groups, depending on the closeness of relationship to the donor or deceased	
Group1	Natural and adopted children and other descendants (e.g. grandchildren, great-grandchildren etc) under 21
Group 2	Natural and adopted children and other descendants aged 21 and over. Ascendants (e.g. grandparents , great-grandparents etc) spouses.
Group 3	In-laws and their ascendants/descendants* Step-children* , brothers, sisters, cousins. Nieces and nephews Aunts and Uncles
Group 4	All others including unmarried partners even if they have registered as a pareja de hecho (a de facto couple). However, in some regions pareja de hecho are treated as married couples for succession and gift tax purposes, provided certain requirements are met.

Relative Reductions

There are no state reductions for life-time gifts. The tax-free state relatives' reduction for inheritances received by members of the different groups are as follows

Group 1	15,956 with extra 3,990 for each year less than 21 years old, up to a maximum of 47,858
Group 2	15,956 Euro
Group 3	7,993 Euro
Group 4	nil

Succession and gift tax state rates

From Euros	To Euros	Tax rate	Cumulative tax
0.00	7,993	7.65%	612
7,993	15,981	8.5%	1,290
15,981	23,968	9.35%	2,037
23,968	31,956	10.2%	2,852
31,956	39,943	11.05%	3,735
39,943	47,930	11.9%	4,685
47,930	55,918	12.75%	5,704
55,918	63,906	13.6%	6,790
63,906	71,893	14.45%	7,944
71,893	79,881	15.3%	9,166
79,881	119,758	16.15%	15,606
119,758	159,635	18.7%	23,063
159,635	239,389	21.5%	40,011
239,389	398,778	25.5%	80,655
398,778	797,555	29.75%	199,291
Over	797,555	34%	-

Tax liability is dependent on the relationship between donor and recipient and the preexisting wealth of the recipient – multipliers apply.

Succession and gift tax multipliers

Net worth of donee		Group 1 and 2 (Ascendants, descendants, spouses)	Group 3 (2nd & 3rd relatives)	Group 4 (others)
From Euro	To Euro			
Nil	402,678	1,0000	1,5882	2,0000
402,678	2,007,380	1,0500	1,6676	2,1000
2,007,380	4,020,771	1,1000	1,7471	2,2000
Over	4,020,771	1,2000	1,9059	2,4000

For region specific tax rates, please contact Blacktower directly and we will be happy to help.



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