



SPAIN'S TAX INCENTIVES FOR EXPATS

A GOLDEN OPPORTUNITY OR DONE AND DUSTED?

Spain's approach to attracting expatriates is a landscape of mixed signals. On one hand, there has been considerable media attention on Spain's efforts to impose stricter regulations on expats residing in the country. Yet, simultaneously, the Spanish government has introduced enticing incentives aimed at drawing skilled professionals and high-income earners.

In 2021, Spain put forward a draft bill aimed at giving its Special Expatriate Tax Regime a serious boost, signaling its desire to attract top global talent with some pretty tempting tax breaks.

However, in contrast to these welcoming initiatives, Spanish authorities have also indicated a potential tightening of policies, and earlier this year, it was announced that the Golden Visa programme will soon be scrapped. This contraction in benefits and potential policy changes may make it more challenging to access these schemes in the future.

WE'RE HERE TO HELP...

At Tytle, we're dedicated to helping you understand the various incentives available and guide you through the process of relocating to Spain. Some key tax schemes to consider include the Special Expatriate Tax Regime (Beckham Law), the Non-Lucrative Visa, the Digital Nomad Visa, and the Golden Visa programme. Each of these schemes offers unique benefits, allowing you to find the best fit for your circumstances and goals (for the time being!).

If you're considering a move to Spain or need expert tax advice tailored to your needs, especially if language barriers are a concern, contact us at Tytle. Our advisors are here to assist you in navigating through the various options. We'll help you make an informed decision and take the next step towards enjoying life in Spain.

DIGITAL NOMAD VISA

Just over a year ago, Spain rolled out its Digital Nomad Visa—officially called the International Teleworking Visa—as part of the Startup Act. This move was aimed at drawing in foreign professionals eager to dive into the Spanish market.

This visa is designed for those who can work from anywhere, allowing an initial one-year stay with the possibility of extending up to five years through annual renewals. Originally, digital nomads had to work exclusively for non-Spanish companies to qualify, but things have loosened up a bit. Now, if you're self-employed, you can do a bit of work with Spanish clients or for a Spanish company—as long as it doesn't make up more than 20% of your total work, providing slightly more flexibility for your business.

The requirements to be eligible for the digital nomad visa may seem extensive, but the benefits could make it worthwhile. One of the biggest perks of the Digital Nomad Visa is the tax advantage, offering a flat 24% tax rate on income up to €600,000 for the first five years. That's a significant drop from the standard progressive rate in Spain, which can reach up to 48%.

As Europe's tax system for digital nomads keeps evolving with the remote work trend, this favourable tax scheme makes Spain an attractive destination for those working from home, or rather – working from their home away from home.

QUALIFYING

- **Sufficient income:** Earn at least 200% of the Spanish national minimum wage (Approximately €2,400 per month).
- **Educational or professional background:** Hold a university degree and/or have three years of professional experience.
- **Work status:** Proof of working for a foreign company for at least three months prior to applying.

GOLDEN VISA PROGRAMME

There's been a lot of discussion about potential changes to Spain's Golden Visa programme, and in April of this year, Spain's Prime Minister confirmed that the Golden Visa programme would be discontinued. With property prices in Spain on the rise, this move isn't entirely surprising. However, any changes would require amendments to specific laws, and this process can be quite complicated and time-consuming. So, if you're considering the Golden Visa, you've still got some time before these potential changes might take effect.

The Golden Visa is a well-trodden path to residency through investment, and it's often one of the quickest options around. The details can differ quite a bit depending on which country you're eyeing. Since 2013, non-EU residents have been able to live and work in Spain for three years through investment. The most popular route is investing in property, but you also have the option to invest in a business, buy government bonds, or even stash your cash in a bank account. If you're thinking of going down the property investment route, you'll need to invest a minimum of €500,000.



The good news is it doesn't have to be just one property—you can invest in several as long as the total adds up to that €500,000 mark. Just remember, the property needs to be either already built or very nearly finished—no investing in something that's still just a blueprint.

You don't have to be living in Spain full-time either: you can rent out your property whilst you're abroad. This allows you to get your Golden Visa quickly, take your time finding your ideal home, and enjoy potential passive income.

The process from starting the purchase to receiving your Golden Visa typically takes around six months. However, it's important to note: if you're eyeing citizenship, be aware that's a different ball game. The path to getting a Spanish passport takes a bit longer and requires a more extended stay in the country—it's not the same as just receiving the Golden Visa.

SPECIAL EXPATRIATE TAX REGIME (BECKHAM LAW)

Spain's Special Expatriate Tax Regime, or the Beckham Law, is one of the country's most famous tax schemes, and it offers a tempting tax break to attract top foreign talent. Named after English footballer David Beckham, who was one of the first high-profile people to take advantage of this scheme, the Beckham Law lets qualifying expats pay a flat 24% tax rate on their Spanish income up to €600,000 (similar to the Digital Nomad visa) – this is a huge perk compared to the usual progressive rates that can really eat into your earnings!

The eligibility criteria for this tax scheme are pretty straightforward. To qualify, you must not have been a resident in Spain for the previous five years and must be moving there for work purposes. This includes starting a new job in Spain, being posted there by your current employer, or even becoming a director of a company with a limited equity stake. Once you've landed your new job, you need to act fast – applications must be submitted within six months of starting your position. If approved, you can enjoy this tax relief for up to six years, effectively being treated as a non-resident for tax purposes while living in Spain.

If you're not currently employed but still want to relocate to Spain, the Spanish Non-Lucrative Visa (NLV) might be just what you're looking for. This visa provides a simple route to temporary residency in Spain for up to 5 years, without the need to work. You start with a 1-year residency permit, which can be renewed for up to four more years, as long as you meet the residency requirements. After living continuously in Spain for 5 years, you'll be eligible to apply for permanent residency.

The NLV presents an ideal option for pensioners, retirees, or individuals with enough financial resources who wish to settle in Spain without the need for employment or business activities.

Despite talk about Spain wanting to reduce the number of incoming expats, recent changes have actually made the regime even more accessible. They've shortened the prior non-residency period from ten years to five, and as of 2023, they've expanded eligibility to include a



wider spectrum of expats, such as digital nomads for non-resident companies, and qualified professionals serving emerging companies in Spain. This is all part of an effort to boost Spain's growing start-up scene.

Under the Beckham Law, worldwide income from employment is taxed in Spain, but you can use tax credits for taxes paid in other countries to avoid double taxation. For other types of income like rental income, dividends, and capital gains, you only pay Spanish taxes if this income is generated within Spain. This means non-employment income earned outside Spain is not subject to Spanish tax under the Beckham Law.

NON-LUCRATIVE VISA

QUALIFYING

- Demonstrate a stable source of passive income (eg. savings, pension, or investments).
- Meet the minimum monthly requirement of approximately €2400 (as of 2024).
- Provide an additional €600 per dependent family member.
- Have private medical insurance.
- Maintain a clean criminal record.

RELOCATE TO SPAIN WITH CONFIDENCE:

TYTLE'S EXPERTISE ON TAX AND RESIDENCY

For now, there are several avenues for those looking to make the move to Spain. Some of these schemes are relatively straightforward, especially if you're already well-acquainted with the European tax landscape, while others can be a bit more intricate. Keep in mind that Spain's tax system can be quite a maze. With taxes split between state and regional governments, aspects like capital gains tax, inheritance tax, and property tax can differ depending on where you're based. It's crucial to consider these variations when planning your finances.

ALL IN ALL

- **Digital Nomad Visa:** Allows remote workers to live in Spain with a one-year stay extendable up to five years and offers a flat 24% tax rate on income up to €600,000.
- **Golden Visa:** Grants temporary residency through investments, such as in real estate or business.
- **Beckham Law:** Taxes qualifying expats as non-residents for first year years by offering a flat 24% tax rate on income up to €600,000.
- **Non-Lucrative Visa:** Provides temporary residency in Spain for up to 5 years without needing to work, requiring proof of stable passive income.

