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a b o g a d o s

GGI ITPG SUMMIT MARBELLA 2018

LIVING IN THE SOUTH OF SPAIN

A BIT OF HISTORY 1492



THE CATHOLIC MONARCHS

- Isabel and Fernando married in 1469
- Isabel became Queen of Castilla in 1474 and Fernando King of Aragón in 1479
- Pacification and loyalty
- 1492 Emir Boabdil surrendered the keys of the Alhambra
- 1492 Jews and Muslims not converted were expelled
- 1492 Christobal Colon discovers America
- Spanish language is Castellano

AUTONOMOUS COMMUNITIES



17 REGIONS

- ⦿ Political and administrative division created in accordance with the Spanish Constitution of 1978.
- ⦿ Spain is not a federation, but a highly decentralized unitary state. Sovereignty is in the nation as a whole with central government and communities with self-government within the limits of Constitution and their own statutes.

TAX RESIDENCY

- ⦿ +183 days in a calendar year
- ⦿ Temporary absences are not considered
- ⦿ Center of interest and business
- ⦿ Family ties
- ⦿ Tax on full year
- ⦿ Tax on worldwide income and asset
- ⦿ Disclosure of foreign assets

TAXES FOR INDIVIDUALS

- Personal Income Tax is shared by the State and the Regional Governments. Saving income are dividends, interests, capital gains, passive income in general. The rest is taxed as standard income.
- Wealth Tax is fully shifted to Regional Governments.
- Inheritance and Gift Tax is fully shifted to Regional Governments.

PERSONAL INCOME TAX

Standard taxable base

| Taxable base to | Fixed tax | Taxable base over to | Tax rate % |
|------------------------|------------------|-----------------------------|-------------------|
| 0,00 | 0,00 | 12.450,00 | 19,50 |
| 12.450,00 | 2.427,75 | 7.750,00 | 24,00 |
| 20.200,00 | 4.287,75 | 7.800,00 | 30,00 |
| 28.000,00 | 6.627,75 | 7.200,00 | 31,50 |
| 35.200,00 | 8.895,75 | 14.800,00 | 37,50 |
| 50.000,00 | 14.445,75 | 10.000,00 | 38,00 |
| 60.000,00 | 18.245,75 | 60.000,00 | 46,00 |
| 120.000,00 | 45.845,75 | Onwards | 48,00 |

Savings taxable base

| Taxable base to | Fixed tax | Taxable base over to | Tax rate % |
|------------------------|------------------|-----------------------------|-------------------|
| 0,00 | 0,00 | 6.000,00 | 19,00 |
| 6.000,00 | 1.140,00 | 44.000,00 | 21,00 |
| 50.000,00 | 10.380,00 | Onwards | 23,00 |

WEALTH TAX

- ⦿ Threshold 700.000 € per taxpayer
- ⦿ Home allowance 300.000 € per taxpayer

| Taxable base to | Fixed tax | Taxable base over to | Tax rate % |
|-----------------|------------|----------------------|------------|
| 0,00 | 0,00 | 167.129, 45 | 0,24 |
| 167.129,45 | 401,11 | 167.123,43 | 0,36 |
| 334.252,88 | 1.002,75 | 334.246,87 | 0,61 |
| 668.499,75 | 3.041,66 | 668.499,76 | 1,09 |
| 1.336.999,51 | 10.328,31 | 1.336.999,50 | 1,57 |
| 2.673.999,01 | 31.319,20 | 2.673.999,02 | 2,06 |
| 5.347.998,03 | 86.403,58 | 5.347.998,03 | 2,54 |
| 10.695.996,06 | 222.242,73 | Onwards | 3,03 |

INHERITANCE & GIFT TAX

- Threshold 1 million Euro for close relatives

| Taxable base to | Fixed tax | Taxable base over to | Tax rate % |
|-----------------|------------|----------------------|------------|
| 0,00 | 0,00 | 7.993,46 | 7,65 |
| 7.993,46 | 611,50 | 7.987,45 | 8,50 |
| 15.980,91 | 1.290,43 | 7.987,45 | 9,35 |
| 23.968,36 | 2.037,26 | 7.987,45 | 10,20 |
| 31.955,81 | 2.851,98 | 7.987,45 | 11,05 |
| 39.943,26 | 3.734,59 | 7.987,46 | 11,90 |
| 47.930,72 | 4.685,10 | 7.987,45 | 12,75 |
| 55.918,17 | 5.703,50 | 7.987,45 | 13,60 |
| 63.905,62 | 6.789,79 | 7.987,45 | 14,45 |
| 71.893,07 | 7.943,98 | 7.987,45 | 15,30 |
| 79.880,52 | 9.166,06 | 39.877,15 | 16,15 |
| 119.757,67 | 15.606,22 | 39.877,15 | 18,70 |
| 159.634,83 | 23.063,25 | 79.754,30 | 21,25 |
| 239.389,13 | 40.011,04 | 159.388,41 | 25,50 |
| 398.777,54 | 80.655,08 | 398.777,54 | 31,75 |
| 797.555,08 | 207.266,95 | Onwards | 36,50 |

EXIT TAX

- ⦿ Exit tax on latent gains on shares for individuals moving abroad meeting certain conditions:
- ⦿ Resident status 10 of 15 years
- ⦿ Market value exceeds 4 million euro or
- ⦿ Market value exceeds 1 million euro +25% ownership
- ⦿ Election can be made when moving to EU under certain circumstances.

“BECKHAM LAW”

- ⦿ Non-resident individuals moving to Spain due to employment can opt to apply for being taxed as non-resident despite of qualifying as resident.
- ⦿ Tax on Spanish Income only at 24% up to 600.000 EUR and 45% on the rest. Capital gains, interests and dividends made in Spain tax rate ranges from 19% to 23%.
- ⦿ Maximum 5 years.

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