

BECKHAM LAW: THE SPANISH IMPATRIATE TAX REGIME

Do you want to LIVE in Spain and pay taxes as a NON-RESIDENT?
Apply the Beckham Law



WHAT IS THE BECKHAM LAW?

It is a special tax regime applicable to individuals who move their tax residence to Spain for "labor/professional" reasons. It is a tax regime that seeks to encourage the attraction of talent and human capital to Spain in order to boost the business environment.

ADVANTAGES OF THE BECKHAM LAW

- It allows tax residents in Spain to be taxed **only** on Spanish source income. Foreign source income is not subject to taxation in Spain.
- The general tax rate is 24% up to 600,000€ and 47% on the excess, much lower than the rates applicable to Spanish ordinary residents (progressive rates can reach up to 47% as from 60,000€)
- Under this regime, Wealth Tax (and now also the Solidarity Tax on Large Fortunes) is restricted only to assets and rights located in Spain.

Therefore, foreign wealth does not pay any tax in Spain.

WHO CAN APPLY FOR THE BECKHAM LAW?

- Workers: people who move to Spain to work as an employee, including teleworking.
- Directors or board members of Spanish companies, even in cases where they participate in the share capital of those companies, except in the case of asset holding companies.
- Entrepreneurs (self-employed), who are going to carry out economic activities in Spain classified as "entrepreneurial" (it requires a favourable report from the competent body).
- Highly qualified professionals (self-employed) who provide services to emerging companies (in the sense of the Startups Law), or who carry out training, research, development and innovation activities.
- Spouse of the relocated person and their children.

TEMPORARY REQUIREMENTS

Only those who have not been tax resident in Spain in the last 5 years are eligible for the Beckham Law.

The regime applies in the first year of residence and in the following 5, providing all material requirements are met during each and every year.

CLARIFICATIONS & CONTROVERSIAL ASPECTS

Since January 2023, this regime is more flexible and allows its application to teleworkers, relocated workers, entrepreneurs, and directors with a shareholding relationship, among other profiles.

However, there is no transitional regime for those who, having moved to Spain in 2022, or before, could benefit from the new regulations.

This regime is not compatible with income obtained through a permanent establishment, which generates uncertainty in some specific circumstances.



It is crucial to review whether it is advisable to apply for this regime when the taxes paid abroad are higher than those paid in Spain, under the Beckham Law, or when the double tax credit cannot be fully offset.

HOW TO APPLY TO THIS REGIME

The application for this regime must be made by the taxpayer himself within 6 months following the registration with the Spanish Social Security Office.

The tax authorities will confirm the application of the regime once the compliance with all requirements are checked.

CAN THE BECKHAM LAW REGIME BE AUDITED BY THE TAX ADMINISTRATION AFTER ITS APPROVAL?

Yes, the Tax Authorities can review the application of the Beckham Law any year to confirm that the fulfilment of the requirements that give right to its application are met in that particular year.

RECOMMENDATIONS

Seek expert advice on your specific situation before applying for the Beckham Law.

UHY Fay & Co has a specialized team with extensive experience in advising clients on the Beckham Law regime, and in submitting the application until the final approval of the regime.

We also have long experience o dealing with tax inspections related to the tax residency and the Beckham Law.

“
we will provide
expert advice
and help you
benefit from the
advantages
that Beckham
Law special
tax regime
offers.
”

CONTACT US TO HELP YOU:



Inmaculada Domecq
Partner
Director Tax & Legal
idp@uhy-fay.com
[Linkedin](#)

OFFICES

MADRID	+34 91 426 07 23
BARCELONA	+34 93 595 50 50
MALAGA	+34 95 206 04 69
MARBELLA	+34 95 276 40 65

www.uhy-fay.com

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