

Moving to Spain. The part nobody plans.

Spain has a reputation for high tax. For people arriving from abroad, the reality is considerably more nuanced — but almost every advantage depends on decisions taken before residency begins.



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Spain is not a high-tax country. It is a high-tax country for the unprepared.

Most people arrive having read a headline rate and concluded the worst. They then structure nothing, report inconsistently, and discover two years later that the outcome they feared was avoidable.

Spain competes for arriving residents. It has to: a meaningful share of the economy depends on people choosing to come. That competition is written into the tax code in the form of regimes, allowances and structures designed specifically for people who were not previously resident.

The catch is that almost all of it is front-loaded. The regimes apply from arrival, elections must be made within strict windows, and structures put in place after residency begins are treated very differently from those established before.

The one sentence that matters

In Spain, the difference between a good outcome and a poor one is rarely the size of the portfolio. It is whether the structure was in place before tax residency began.

How residency is actually determined

Spanish tax residency does not begin when you land, and it is not a matter of choice. Broadly, you are treated as resident if any of the following applies in a calendar year:

- **The day count.** More than 183 days in Spain during the calendar year. Temporary absences generally still count unless you can evidence tax residency elsewhere.
- **Centre of economic interests.** Where the base of your activities or economic interests sits, directly or indirectly.
- **Family presumption.** Where a spouse and dependent children are habitually resident, residency may be presumed unless rebutted.

Spain does not split the tax year. You are resident for the whole calendar year or not at all, which makes the timing of a move materially more important than most people expect.

The regimes written for people like you.

These exist because Spain wants the capital. They are not loopholes, they are policy — and they are conditional, time-limited and easy to miss.

The special expatriate regime

Commonly called the Beckham Law. It allows qualifying individuals who become Spanish tax resident to be taxed broadly as non-residents for a limited number of years: a flat rate on Spanish employment income up to a threshold, and generally no Spanish tax on most foreign-source income.

- **Strict eligibility.** Conditions around prior non-residency and the reason for the move must be met.
- **A hard application window.** The election must be filed within a short period after registration. Miss it and it is gone for good.
- **Not right for everyone.** For some profiles the ordinary regime produces a better outcome. It needs modelling, not assuming.

Compliant investment structures

Spain recognises certain life assurance structures for tax purposes, provided they meet specific Spanish requirements. Held correctly, they can change how investment growth is treated year to year and how income is drawn.

- Growth generally accumulates inside the structure rather than being taxed annually as it arises.
- Withdrawals are typically taxed only on the gain element rather than the whole amount.
- Beneficiaries can be named directly, which matters for succession across borders.
- A non-compliant offshore bond carried in from another country is usually treated far less favourably. Compliance is the whole point.

Wealth tax and succession vary by region

Spain devolves significant power to its autonomous communities. Wealth tax thresholds and allowances, and inheritance and gift tax reliefs, differ materially between Madrid, Andalusia, Valencia and Catalonia. Where in Spain you live is a planning variable, not a lifestyle detail.

Reporting is where good plans unravel.

Spain takes disclosure seriously, and the obligations catch out people who are otherwise fully compliant in their home country.

OBLIGATION	WHAT IT COVERS
Modelo 720	Annual declaration of assets held outside Spain above set thresholds: accounts, securities and property. Informational, but historically enforced with severity.
Modelo 721	Declaration of virtual currencies held abroad.
Wealth tax return	Where net assets exceed the applicable regional threshold. Filing may be required even where no tax is ultimately payable.
Worldwide income	Ordinary residents are taxed on worldwide income and gains, with treaty relief where applicable. Not only on money remitted to Spain.

None of this is a reason to avoid Spain. It is a reason to arrive with the position already organised, rather than discovering the requirements in your second filing season.

What typically goes wrong

- **A structure built for the country left behind.** Perfectly sound at home, treated very differently once Spanish rules apply.
- **The regime election missed.** A short window, no extensions, and a permanent consequence.
- **A pension left untouched.** Still sitting with a provider in another country, still following that country's rules.
- **Reporting done inconsistently.** Corrected later at considerably greater cost and stress than doing it right from the start.
- **Region chosen for the view.** Understandable, but the wealth and succession consequences differ meaningfully.

Before, not after.

Spain does not split the tax year, which means the date your residency begins is one of the most consequential financial decisions of the whole move.

12–24 months out

The full range is available. Portfolio restructuring, pension decisions, disposal timing and the residency date itself can all be planned deliberately.

3–6 months out

Still workable. Structures can be put in place and the regime election prepared, but some disposal options have narrowed.

On arrival

The regime election window is open and must not be missed. Structuring is still possible but the pre-residency advantages have gone.

Already resident

A repair job rather than a plan. Often still worthwhile — reporting, structure and region can all be improved — but with fewer options.

Six questions worth answering

- ☐ From precisely what date will you be Spanish tax resident?
- ☐ Do you qualify for the special expatriate regime, and does it actually help you?
- ☐ Are your investments held in a structure Spain recognises?
- ☐ Is a pension still sitting with a provider in the country you left?
- ☐ Does the region you have chosen suit your wealth and succession position?
- ☐ Do you know what you will need to report, and by when?

A straight look at your situation

No cost, no obligation, and no product conversation until there is a reason for one. If there is nothing to gain, I will tell you.

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