

**Frequently Asked Questions | Special Regime for  
Displaced Workers to Spain  
— Beckham Law**

July 2020 –  
Latest update

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Frequently Asked Questions | Special Regime for Displaced Workers to Spain –  
*Beckham Law*

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## A. Advantages and General Aspects

### 1. What is the advantage of the *Beckham Law*?

The *Beckham Law* allows the application of a flat rate of 24% (or 45%) on all income from employment. Under this law, other income obtained abroad is not taxed in Spain, except for employment income.

### 2. When is the *Beckham Law* worth it?

It depends on the economic and personal circumstances of each taxpayer. However, it can be indicated for information purposes that the regime is worth it for taxpayers earning an annual gross salary of approximately EUR 60,000 or more, considering employment income only.

Of course, it can also be of interest if the taxpayer expects to obtain capital gains of foreign origin, since these would not be taxable in Spain, and in the case of relevant assets also of foreign origin.

### 3. What is the applicable tax rate?

Employment income from employment up to EUR 600,000 are taxed at a rate of 24%. From EUR 600,000 onwards, these incomes are taxed at 45%.

Dividends, interest and capital gains (from Spanish sources of income) are taxed at a rate between 19% and 23%.

### 4. Are there any disadvantages?

There are two possible disadvantages. Firstly, it is not possible to deduct expenses nor to apply exemptions (for instance, severance payments are not exempted) or reductions of the general regime. Secondly, it may involve a greater tax burden abroad since double tax treaties do not apply.

### 5. Is Spain the only country having this type of regime?

No, there are several European countries that have similar special regimes such as Portugal, the United Kingdom and Switzerland.

### 6. Why did Spain adopt the *Beckham Law*?

The purpose of the *Beckham Law* is to promote the arrival of talent and/or highly qualified workers to Spain to improve the internationalization and competitiveness of Spanish companies. It is not intended for investors or professionals who do not want to work in Spain.

## B. Eligibility Requirements

### 7. Are foreign citizens the only eligible for the *Beckham Law*?

Nationality does not matter for eligibility purposes.

### 8. What are the requirements in order to be eligible for the *Beckham Law*?

The regulation requires that the tax-residence status be acquired in Spain (for example, if the natural

person is going to stay in Spain for more than 183 days during one calendar year) due to an employment agreement, a posting abroad instructed by an employer or in case the natural person/applicant becomes a manager (“*administrador*”) of a company (not related to the applicant).

In this sense, there must be a causal relationship between the beginning of the employment agreement and/or manager nomination, and the posting to Spain.

Finally, the person must not have been tax resident in Spain during the last 10 years and cannot obtain income from economic activities.

9. What is the deadline to apply for the *Beckham Law*?

The deadline is set at 6 months from the beginning of the employment agreement in Spain.

10. What documentation must be provided?

The taxpayer who wants to apply for the *Beckham Law* must have submitted the 030 form and, subsequently, the 149 form along with a company certificate, among other documents.

11. How long does the Tax administration take to issue the certificate?

The regulation provides that the Tax administration has 10 days from the receipt of the request. However, in practice it usually takes a little longer.

12. Can the applicant’s spouse and children also benefit from the *Beckham Law*?

They can only benefit from the *Beckham Law* if they request it personally, and if they also meet the eligibility requirements.

It should be mentioned that there is a legal presumption of tax residence in Spain for taxpayers whose spouses –not legally separated– (and dependent minor children) are regular residents in Spain.

### C. Duration, Waiver or Exclusion

13. What is the duration of the *Beckham Law*?

The duration is of 6 years (5 years plus the year in which the tax residence in Spain is acquired). In this sense, if the posting/displacement takes place in March 2020, for example, the duration of the regime will include the years 2020 to 2025.

14. Can the *Beckham Law* be waived if it is not worth it anymore?

Yes, but only in the months of November or December, and with effectiveness for the following year.

15. Can a taxpayer be excluded from the *Beckham Law*?

Yes. If the Tax administration discovers that the taxpayer does not fulfil the eligibility requirements of the *Beckham Law*, he/she can be excluded from this special regime. The Tax administration can also make a settlement demanding payment of taxes and late-payment interest. Also, penalties may be imposed on a case-by-case basis.

16. Is a taxpayer excluded in case of dismissal?

The taxpayer is not excluded if the employment relationship ends due to causes beyond the taxpayer's will if he/she remains unemployed a brief period of time and then begins a new employment relationship.

17. Is a taxpayer excluded in case of job change?

The taxpayer is not excluded in case of voluntary resignation in order to begin a new employment relationship.

18. Is it possible to work for an employer in Spain and subsequently also become a manager of a Spanish company?

Yes, the taxpayer is allowed to acquire the status of manager after the posting to Spain has taken place due to the beginning of an employment agreement.

#### D. Specific Issues

19. When does the Personal Income Tax return have to be submitted?

The deadline to file the Personal Income Tax return under the *Beckham Law* is the same as that applicable to the rest of the taxpayers (generally between April and June of each year). However, there is a special tax-declaration form (151 form).

20. How will the employer apply the withholding?

After the issuance of the Tax administration certificate, the employer will have to withhold at the rate of 24% (or 45% if the income from employment exceeds EUR 600,000 per year), and make the payment on account through the 216 form.

21. Does the *Beckham Law* tax the salary paid by the former employer abroad?

No, the income from an activity prior to the date of the displacement/posting to Spain is not considered as obtained during the application of the regime.

22. Is it possible to invest in Spanish companies?

Yes, the person who opts for the special regime can be a shareholder in Spanish or foreign companies and obtain dividends, for example.

23. Is the *Beckham Law* compatible with real estate investments in Spain?

The special regime does not prevent real estate investment in Spain. However, it cannot be applied if the taxpayer obtains income from economic activities (self-employed) through a permanent establishment located in Spain. Therefore, it is important that the real estate investment made in Spain does not generate income from economic activities.

Owning a property in Spain may involve income tax implications.

24. Does the *Beckham Law* allow applying for the deduction for international double taxation?

Yes, the *Beckham Law* allows deductions for international double taxation (for example, if income from employment is also taxed abroad), but the lower of the following amounts would be deducted:

- 30% of the part of the total tax corresponding to the total income from employment.
- Tax paid abroad.
- The result of applying the average effective tax rate to the part of the taxable base subject to tax abroad.

25. Does the taxpayer who opts for the *Beckham Law* have to pay the wealth tax in Spain?

In principle no, unless he/she has assets or rights in Spain and they have a certain value and moreover if the taxpayer lives in an Autonomous Community where the wealth tax is applicable.

Moreover, it is worth mentioning that under the *Beckham Law* the taxpayer will not have to submit the informative declaration (720 form) of assets and rights abroad.

26. Does the *Beckham Law* have any implication if a gift or inheritance is received?

The special regime does not contain any particular provisions regarding the inheritance and gift tax.



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