

ABOUT TAXES  
**FISCAL OBLIGATIONS  
FOR U.S. EXPATS  
IN SPAIN**



**U.S. TAX**  

---

**CONSULTANTS**



As U.S. Citizen or Green Card Holder, you have at least three different fiscal obligations in Spain and another two in the U.S.

As Spanish resident you must file the income tax return, [Modelo 100 IRPF](#) *Impuesto de la renta de las personas físicas*, [Modelo 714 Impuesto de Patrimonio](#) or Wealth Tax, depending on the Autonomous Community and possibly the Solidarity Tax in 2022 and 2023, and at the beginning of the year the [Modelo 720 Declaración informativa de activos en el extranjero](#), which is a report of all kinds of assets outside Spain.

As a U.S. Citizen you must file, the U.S. individual tax return, [Form 1040](#), reporting your worldwide income and the [FBAR](#) (Foreign Bank Account Report), reporting all your financial accounts outside the U.S.

# Modelo 100 AEAT

Do I have to file?  
Must I pay taxes in both  
countries?  
Who can prepare the 100  
and 1040 for me?

**More answers...**  
**Book a free appointment.**  
**HERE**

## M O D E L O 1 0 0

Individual Income Tax Return - Resident in Spain

Individuals who, under the Spanish tax law, should be considered tax residents in Spain are subject to taxation on their worldwide income. That is, they are subject to tax in respect of all the income generated in the tax period, regardless of where it is generated or paid.

### **How do you file the IRPF?**

In order to file a tax return in Spain you need to log in to the AEAT computer, so you need to validate yourself which requires to have last year tax return, the IBAN from you bank account and some different numbers/codes from the Spanish ID document. Alternative you might have a Digital Signature or PIN Code.

Once you are login you can check all your fiscal data which corresponds to all necessary data to fill up the tax return with origin in Spain. Normally you need to add the income from other sources.

The AEAT does all calculations of the Individual Income Tax Return which will depend on the amount of the general taxable and saving taxable base. You will be taxed in Spain on your worldwide income every year, and it also includes all your U.S source of income: private pensions, annuities and/or SS Benefits from the U.S.A.



## When do you file the IRPF?

The tax season in Spain starts around April 10<sup>th</sup> and the deadline is June 30<sup>th</sup>. You have to file the IRPF only if your gross income is higher than 22.000€, received from only one payer; or if you received income from more than one payer and the amount received from the second and other payers is more than 1.500€ and the annual gross income is over 11.200€.

## Tax rates

The following are the basic Spanish tax rates on employment income. Since tax rates in Spain are not uniform across the country, your total liable tax will be a calculation of the national's general tax rates plus the relevant regional tax rates.

Spain's tax rates in 2022 are as follows:

- Up to €12,450: 19%
- €12,450–€20,200: 24%
- €20,200–€35,200: 30%
- €35,200–€60,000: 37%
- €60,000–€300,000: 45%
- More than €300,000: 47%

Income tax on savings is levied at the following rates:

- 19% for the first €6,000 of taxable savings income
- 21% for the following €6,000–€50,000
- 23% for the following €50,000–€200,000
- 26% for any savings income even more than €200,000

Those working abroad will have a reduction on the gross annual salary of approximately €60,000 and if only earned income is considered.



### Special regimes: Beckham & Digital Nomads

The expatriate regime, better known as the Beckham Law, is a special tax regime for those foreigners who work and have tax residence in Spain can be taxed as non-residents, allowing them to have a 24% as a fix tax rate.

The tax return will be filed through Form 151, between April and June of the year following the year of assessment.

### Personal Income Tax for Non-Resident in Spain

Individuals who are considered as non-tax resident of Spain, are subject to taxation in respect of their Spanish source income (i.e., income generated within Spain).

Nonresident individuals must file a personal income tax return (Form 210) in respect of each type of income they may obtain, and different deadlines will apply, as follows:

- ***Tax returns showing a tax payment.***

1. In general terms, the deadline for filing is by the 20<sup>th</sup> of April, July, October, and January, in relation to the income occurred in the previous calendar quarter.

2. Income derived from urban properties (excluding primary residence) not rented out. The deadline for filing is from January 1st to December 31st of the year following the year of assessment.
3. Sales of properties located in Spain. The deadline for filing is four months from the date of sale, no matter that the return shows a payment or a refund.

- ***Tax returns showing a tax refund.***

Except for returns corresponding to the sale of a property located in Spain, the deadline for filing will be during four years from the date of assessment. It is mandatory a certificate of residence in the corresponding country.

Tax rates for individuals who are non-tax resident of Spain are the following:

- General: 24%
- Saving income and capital gains: 19%

Notwithstanding, different rates may apply for UE/EEA citizens or in case of International Tax Treaties.

Individuals who are tax resident of Spain will be subject to the Net Wealth Tax in respect of their worldwide net worth (personal obligation), regardless of where it is located.

Each Autonomous Community determines a minimum exemption so that only those with high net worth must pay said tax. The standard minimum is 700,000 euros, although there are autonomous communities such as Aragon, which reduce this minimum to 400,000 euros. Therefore, if you are so “lucky” to reside in this Community and you have 600,000 euros, you will have to file this Tax and pay it.

In this sense, when calculating the total assets that you owe at the end of the year, you will have to value the cryptocurrencies at December 31 and add said value to the rest of the assets that you have (shares, real estate, accounts current, land, funds, etc.), to see if you have to file the Wealth Tax and pay for it.

It is important to remember about the Solidarity Tax adopted for 2022 and 2023 on your worldwide assets, similar to the Wealth Tax.



TAX

# Modelo 720

Report of assets abroad

**Why? Why not?**

**What penalties are there?**

**When do I have to file it?**

**How do I do it?**

**How much will it cost me?**


**Book a free appointment.  
HERE**

M O D E L O 7 2 0  
Report of all Asset Abroad

This form must be filed by all Spanish residents owning assets abroad, only if they are over the limits described below. It is required to file this form every year before March 31<sup>st</sup>.

The Form has three different blocks:

1. Information on each account should include the balance of these accounts on December 31<sup>st</sup>, the average balance for the last quarter of the year and the date of opening. Also, if you are account holder, authorized.
  - a. Accounts in financial institutions abroad, which includes current accounts, savings accounts, term deposits, credit accounts.
  - b. Holders and authorized holders, who have ceased to be during the year, must indicate only the balance of the day ceased to be holders or authorized holders.
2. Stocks, bonds, values, financial rights, and savings in insurance companies, deposited, managed or obtained abroad:
  - a. Securities or rights located overseas representative of participation in any type of legal entity; values located overseas representative of the transfer of capital to third parties or provided for its management or administration to any legal instrument, including trusts though lacking legal personality, capable of acting in the course of trade.
  - b. Shares and participations in share capital or equity fund of collective investment institutions located abroad.
  - c. Life insurance (savings not risk) or pensions or annuities, whose insurance companies are located overseas.

- 
3. All types of Real Estate and rights over Real Estate abroad, which include ownership of the property, actual use or enjoyment and bare ownership rights over real estate, timeshares, timeshares shift, part-time property or similar formulas on real estate, other rights in rem over real estate.

Modelo 720 must be file for the first time if any of these blocks exceeds the amount of 50,000€ and only the block in which the amount is exceeded and the consecutive years if there is an increase of 20.000€ on the different blocks.

### **Cooperation with other States**

The Royal Decree approved transposes the Community directive on administrative cooperation in the field of taxation. Thus, reinforcing cooperation in the exchange of information between countries needed for the liquidation of taxes.

Among other issues, is attributed to the tax agency competition to formulate requests for mutual assistance to other States or international organizations. This provides legal security to be achieved greater agility in the process of mutual assistance.

And already a few years ago the tax agency began to provide tax information for citizens of the EU to their respective countries through the Form 299 which is filled by Spanish financial institutions, collected and processed by Tax Authority.

The Government aims to deepen in the coming months in this type of agreements for the exchange of information, both to improve the collection of taxes, and to enhance the fight against tax fraud.



# BANK OF SPAIN (ETE)

and other informative Forms before the Spanish Authorities

The ETE FORM (Survey of Transactions with Foreign Countries) is an informative return to be filed before the Bank of Spain.

Individuals and legal entities residents in Spain that carry out operations/ transactions with non-residents or maintain assets abroad for a value greater than 1,000,000 euros are required to submit this form.

It is necessary to inform about the values and variations of the value of assets, as well as the operations with non-residents regardless of their nature and regardless of how the operations take place.

Annual submission will be required and must be done no later than January 20 following the year of assessment, provided that the amount of the transactions during the immediately preceding year or the values of assets and liabilities at December 31st, were less than 100,000,000 euros. If this is not the case, the submission deadlines may vary and have a higher recurrence.

Finally, there is an obligation for Spanish residents when there are foreign partners or investments abroad, or also for holders of shares in foreign companies or branches, as well as for Spanish companies, in whose shareholders a foreigner participates and makes some foreign investment in Spain.

Such situations lead to the obligation to file forms D4, D6, D8, D5A, D5B, D1, etc. to the General Directorate of Trade and Investments.

The deadlines vary depending on the form that needs to be completed.

# INDIVIDUAL TAX RETURN 1040

F O R M 1 0 4 0  
Individual Federal Tax Return

**When do I have to file ?**

**What deductions & penalties are there ?**

**Is there a relationship between IRS 1040 and 100 AEAT?**

**More answers...**

**Book a free appointment  
HERE**

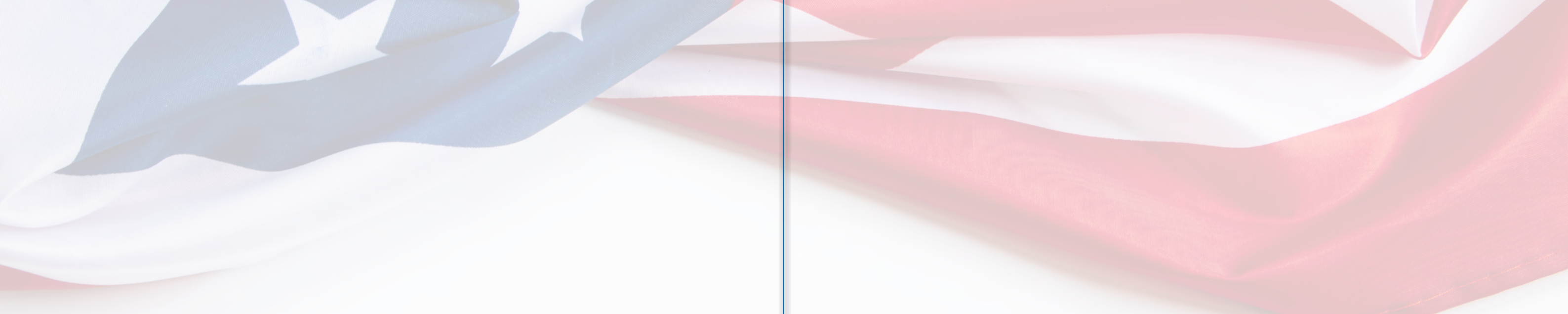
All U.S. Citizens are required to file U.S. taxes annually, on his worldwide income, regardless of where their income is earned, where in world they live, whether the U.S. has a Tax Treaty with that country and whether or not you also pay Foreign Taxes.

The Form 1040 (Federal Individual Income Tax Return) must be filed every year, if your gross worldwide income in 2022 is at least \$5 (married filing separately) or \$12,950 (single), or just \$400 of self-employment income. If you can be claimed as dependent, you must file the correspondent 1040 if your unearned income (taxable interest, ordinary dividends, capital gains, etc.) was over \$1,150 or the earned income was over \$12,950.

April 15<sup>th</sup> is the general deadline for Form 1040. Failure to pay by this deadline can result in filing and payment penalties. If you are a U.S. citizen or resident alien that resides in a foreign country on the April 15<sup>th</sup> due date, you are entitled to an automatic two months extension to file, until June 15<sup>th</sup>. If you are unable to file your return by the automatic two months extension date you can request an addition extension of time to file by filing Form 4868, up to four months. The extensions are to file, not to pay, any amount that you might owe the IRS must be paid before April 15<sup>th</sup>; be sure that you have paid quarterly your Estimated Tax Payments issued the year before.

There are some IRS exemptions just for expats that allow them to reduce or in most cases eliminate their U.S. tax liability completely; although you still have to file a U.S. return to claim these exemptions.

The most commonly used exemption for expats is called the Foreign Earned Income Exclusion (Form 2555 FEIE) which allows expats to exclude the first \$112,000 (2022) in earned income from U.S. tax liability. Expats who pay



foreign taxes meanwhile may benefit from claiming the Foreign Tax Credit (Form 1116 FTC), which gives a \$1 tax credit for every dollar of tax paid abroad. If you pay foreign taxes at a higher rate than the U.S. rate, which it is the case of Spain, then you will have excess credits left over than can be carried forward for use in the 10 subsequent years.

### **Other Forms required**

With the 1040 Individual Tax Return, you must attach other forms depending on your assets abroad and/or in the U.S., depending on if the following conditions apply to you:

1. Form 8938 is used to report your foreign financial assets if the total value of these assets exceeds your threshold amounts. The threshold amounts for overseas taxpayer's foreign financial assets are: for unmarried taxpayers and married filing separately, if the total value is more than \$200,000 on the last day of the tax year or more than \$300,000 at any time during the tax year; for married taxpayers filing a joint return, if the total value is more than \$400,000 on the last day of the tax year or more than \$600,000 at any time during the tax year.

2. Form 5471 is used by officers, directors and/or shareholders (more than 10%) of certain foreign corporations, to report the current status of the foreign corporation.
3. Form 8621 is used by shareholder of a Passive Foreign Investment Company (PFIC) or Qualified Electing Fund (=Fondos de inversión in Europe). A single Form 8621 must be file for each Mutual Fund. Remember that the increase of value during the year will be taxed as ordinary income. Pension funds are excluded from the Form 8621.
4. Form 8960 Net Investment Income Tax. You might be liable for a 3.8% Net Investment Income Tax on the lesser of their net investment income, or the amount by which their modified adjusted gross income exceeds the statutory threshold (\$250,000 for Married filing jointly, \$125,000 for Married filing separately and \$200,000 for Single or head of household).

## STREAMLINED FOREIGN OFFSHORE PROCEDURE

# IRS Amnesty

**If you have not filed returns, regularize your dangerous Tax Situation**

**More answers...**

**Book a free appointment  
HERE**



### **Streamlined Filing Compliance Procedure for delinquent filers**

The IRS streamlined filing compliance procedure is available to taxpayers certifying that their failure to report foreign financial assets and pay all tax due in respect of those assets did not result from willful conduct on their part.

Taxpayers using the Streamlined Foreign Offshore Procedures, will be required to certify, in accordance with the specific instructions set forth below, that the failure to report all income, pay all tax and submit all required information returns, including FBARs (FinCEN Form 114, previously Form TD F 90-22.1) was due to non-willful conduct.

The streamlined procedure can be very beneficial for taxpayers because they allow the taxpayer to comply with income tax rules and regulations in a relatively easy manner. The streamlined foreign offshore procedure will protect the taxpayer from having to pay various penalties, including the failure-to-file penalties, failure-to-pay penalties, accuracy-related penalties, information return penalties, and FBAR penalties.

U.S. taxpayers eligible to use the Streamlined Foreign Offshore Procedures must file the 3 most recent years for which the U.S. tax return due date has passed, file delinquent or amended tax returns, together with all required information returns (e.g., Forms 5471, and 8938) and the most recent 6 years for which the FBAR due date has passed, file any delinquent FBARs (FinCEN Form 114, previously Form TD F 90-22.1).

## Foreign Bank Account Report FBAR

# FinCEN 114

**What is FBAR?  
When do I file?  
What accounts do I have to  
declare?**

**More answers...**

**Book a free appointment  
HERE**

You also must file before the Financial Crimes Enforcement Network, the FinCEN 114 or FBAR (Foreign Bank Account Report), if you have authority or signature authority of any foreign financial accounts that have an aggregate of \$10,000 during any point of the calendar year. There are very harsh penalties for not filing the FinCEN. A person who is required to file an FBAR and fails to properly file may be subject to a civil penalty of \$10,000 per violation.

### **U.S. and Spain Tax Treaty for U.S. Citizens**

If a U.S. Citizen turns out to be tax resident in Spain, the taxpayer will be taxed in Spain for its worldwide income, you must declare the income obtained anywhere in the world, subject to the provisions laid down in the Convention for the avoidance of double taxation between Spain and the U.S. (Feb. 20, 1999).

The agreement, based on the country of residence of the taxpayer, lists some types of income and the country where the income will be taxed or exempt of taxation.



IRS CERTIFIED TAX PREPARERS &  
ACCEPTANCE AGENT

[www.ustaxconsultants.net](http://www.ustaxconsultants.net)