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## Changes to the Beckham law from 2023

From 2023 there were amendments introduced to the "Beckham law" opening up this status to more people as well as increasing the period this regime can apply to individuals.

In summary this was a regime where qualifying employees and directors (non connected) could move to Spain become tax resident in Spain, but be taxed as a non-resident, therefore limiting their income to Spanish income and gains and not automatically being taxed on a worldwide basis in Spain. The tax rates for Spanish income in this regime is 24% general rate and 47% for income exceeding €600,000 and the standard savings rates for savings income (19% to 28%).

The pre-requisites for this status has changed over the years, but the new rules applicable from 1<sup>st</sup> January 2023 include the following:

- The individual applying for this status cannot have been Spanish tax resident in the 5 years prior to the move to Spain (before it was 10 years).
- The election applies in the year of change of tax residency and the following 5 years, in other words, you can remain in the regime for up to 6 years.
- Moving to Spain as a Director, these individuals are now able to benefit regardless of their shareholding, only if the company is an asset-holding company (i.e. property holding Company), then the connected rules as above would apply (in other words, directors of such Companies can only benefit if they have a shareholding etc of less than 25%).
- The application is extended to include the spouse of the employee and includes children under 25 years of age or disabled children (with no age limit), or even parents. For this to happen, these persons must be moving at the same time as the applicant or during the same tax period and the sum of their annual taxable income, added together, must equal less than that of the "main" applicant.
- Highly qualified professionals who provide services to companies, who carry out training or R+D activities for emerging Companies, may also benefit from this new legislation.
- The carrying out of trading activity qualified as an entrepreneurial activity (article 70 of Law 14/2013), which is of an innovative nature, of special economic interest for Spain and which has a favourable report issued by the public entity: ENISA
- Teleworkers: Another new feature is that this regime will also be applicable to workers who move to Spain - whether or not at the request of their company- but who continue to provide remote services to their foreign employer through their computer, telecommunications and digital means (teleworking). In particular, this requirement is deemed to be met if the employee has the "visa for international teleworking".

If you need any further information on this special form of tax residency or you need help on any other tax, legal or accountancy issues please do not hesitate to contact us:

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