alto private clients



GUIDE TO

Moving to Spain

The sunshine is simple. The system isn't. A financial guide to getting Spain right

May 2026 | UK figures relate to the 2026/27 tax year; Spanish rules described as at publication

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INTRODUCTION

From fortnight to forever

Falling for Spain is easy. Filing in Spain takes planning

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Nobody needs persuading about Spain. The light, the coastline, the long lunches, the healthcare, the flight time home — for British families, it has been the favourite answer to 'where?' for two generations, and our Jávea office exists because so many of our clients have given it.

What people do need — and too often hear only in hindsight — is the honest briefing on what happens to a UK-built financial life when it becomes Spanish-resident. Because the difference between a holiday and a life is the difference between being a visitor and being a **taxpayer**: worldwide income within Spanish tax, an annual declaration of your overseas assets, a wealth tax that varies by postcode, a succession system that taxes your children rather than your estate — and a set of UK wrappers (the ISA above all) that quietly stop working the day you cross the line.

None of this is a reason not to go. It is a reason to go **in the right order**. Almost every expensive Spanish-tax story we encounter shares one feature: the family moved first and asked afterwards. The same wealth, restructured in the eighteen months before residence — the UK home sold in the right year, the portfolio re-wrapped, the pension lump sum timed, the compliant bond established — typically lands in Spain with a fraction of the friction. The sun is not going anywhere; the planning window is.

This guide runs in the order the decisions do: how Spanish residence actually attaches (and the visa routes since the golden visa closed); the tax landscape you're joining; what Spain makes of your UK wealth; the structure that solves most of it; pensions; the estate plan; the property and the practicalities; and the two-calendar timetable that ties it together.

Wealth Resilient — on the Costa

Resilience means decisions from strength, not urgency — and a move to Spain is the case study. Every chapter of this guide is cheaper, easier and more effective on the UK side of the move than the Spanish side. The plan starts at least a year out; we features a calendar later on.

> **Spain gives the prepared a warm welcome — and the spontaneous a bill.**

BECOMING RESIDENT

How Spain decides you live there

Residence is a conclusion Spain reaches about you — sometimes before you've reached it yourself

The tests

You are Spanish tax resident if you spend **more than 183 days** in Spain in a calendar year — sporadic absences count as presence unless you can prove tax residence elsewhere — or if Spain is the **centre of your economic interests**, and you are presumed resident if your **spouse and minor children** live there. Three separate doors; walking through any one of them is enough. The classic accident: the 'six months and a bit' year of renovating the villa, with the family already enrolled in school — residence attaches, and with it everything in this guide.

The calendar-year wrinkle

Spain's tax year is the **calendar year**, and there is no split-year treatment: you are resident for the whole year or none of it. This single fact powers half the planning in this guide. Arrive in early autumn and you will usually spend under 183 days in Spain that year — a final UK-side year in which to sell, realise and restructure. Arrive in February and the whole year, including everything you did before the flight, is potentially within Spanish scope. Where the two systems disagree on a year, the UK–Spain treaty's tie-breaker decides — but the cleanest answer is never to need it.

The visa routes, post-Brexit and post-golden visa

British citizens need a residence route, and the menu changed: the **golden visa closed to new applicants in April 2025**. The two working routes for our clients: the **non-lucrative visa** — the retiree's path: demonstrate passive income (currently around €2,400 a month for a single applicant, more with dependants), hold full private health insurance, and don't work; and the **digital nomad visa** — for those still earning remotely from non-Spanish employers or clients (income threshold around €2,800 a month), with the significant bonus that holders can often elect into the **special expat tax regime** (page 4). Both lead to long-term residence in time. Renewals have presence requirements — the visa and the tax residence arrive as a package, not a choice.

The half-year rule of thumb

Arrive after 1 July and you will usually remain UK-resident (and Spanish non-resident) for that calendar year — one last year to restructure under UK rules. Arrive in the first half and Spain may claim the whole year. The flight that moves by ten weeks can move the tax treatment of an entire balance sheet. (This is a rule of thumb only — day counts, ties and the treaty decide real cases.)



THE TAX LANDSCAPE

What a Spanish taxpayer actually pays

Progressive, regional, and more manageable than the headlines — for those who structure correctly

Income tax (IRPF): worldwide, progressive, regional

Residents pay Spanish income tax on **worldwide income**. General income (employment, pensions, rent) is taxed on progressive scales that combine state and regional rates — typically from around 19% to the high-40s percent at the top, varying by region. **Savings income** — interest, dividends, fund gains — runs on its own gentler scale, currently 19% rising to 30% at the top band. The planning point that flows from it: how income arrives matters as much as how much — which page 6 turns into a plan.

The wealth tax — and the solidarity top-up

Spain taxes **net worldwide wealth** annually above allowances: **€700,000 per person plus €300,000 of main home** as the national baseline, with rates from 0.2% to 3.5% — but the regions rewrite it. **Madrid and Andalusia relieve it 100%**; the **Valencian Community** (home of our Jávea clients) applies its own scale with a €1m exemption from 2026; Catalonia starts at €500,000; the Balearics at €3m. Above the regional layer sits the national **solidarity tax** on fortunes over **€3 million** (effectively ~€4m for residents with a main home), at 1.7% to 3.5% — now a permanent fixture, with regional wealth tax credited against it, deliberately ensuring no region is entirely free for the largest estates. A **60% cap** ties the combined income-and-wealth tax bill to your income — which makes income structuring a wealth-tax tool too. Postcode, structure and income shape together decide what this tax actually costs you; for many of our clients, the honest answer after planning is: far less than they feared.

Modelo 720: the declaration that isn't a tax

Spanish residents must declare overseas assets — accounts, investments, property — where any category exceeds **€50,000**, every year by **31 March**. It raises no tax; it is pure disclosure — and Spain takes it seriously, with meaningful penalties for the casual. Treat it as a fixture of Spanish life from year one, and build the asset list (WealthVault earns its keep here) before the first deadline, not during it.

The special expat regime ('Beckham law')

Qualifying new arrivals taking up Spanish employment — including many digital-nomad-visa holders — can elect to be taxed for up to **six years** broadly as non-residents: a flat **24%** on Spanish employment income up to €600,000, with most foreign income and wealth outside Spanish scope. Powerful where it fits; it does not fit retirees, and the election has edges — early specialist advice decides it.

YOUR UK WEALTH, RE-READ

What Spain makes of what you've built

The wrappers were British. The rules are now Spanish.

The ISA: tax-free no more

Spain does not recognise the ISA. From your first resident year, its interest, dividends and gains are taxable like any account — and its balance counts for wealth tax and Modelo 720. Two decades of disciplined ISA building deserves a deliberate decision — realise, restructure or re-wrap (page 6) — made before residence, while the UK still treats every disposal as tax-free.

Pensions: taxed where you live

Under the UK–Spain treaty, most UK pension income is taxable in **Spain**, at the progressive general rates — arranged via an NT code so the UK pays gross. The **25% tax-free lump sum is a UK concept Spain does not share**: drawn as a Spanish resident, it is broadly taxable income. Drawn before the move, it is tax-free. Few single decisions in this guide are worth more — our Guide to Pensions Across Borders (page 5) gives it the full treatment. Government-service pensions follow their own treaty article; check, don't assume.

The UK home: sell on the right side of the line

Sell your main home as a UK resident and UK private residence relief typically wipes the gain. Sell it as a **Spanish resident** and Spain taxes the gain on its own rules — main-home reliefs exist but are narrower, age- and reinvestment-dependent, and built for Spanish homes. The difference can run to six figures. If the UK house is going, the calendar-year wrinkle (page 3) usually says: complete **before** Spanish residence begins.

UK property kept, and the rest

Keep a UK rental and the UK taxes it first (as it taxes all UK land), with Spain taxing it too and crediting the UK tax — workable, but paperwork-heavy, and the property stays in the UK IHT net forever. UK dividends and interest fall under treaty rates with credits. And your **long-term-residence tail** (3–10 years) keeps your worldwide estate within UK inheritance tax for years after the move — the two-system estate question of page 8.

The before/after table, in words

Before residence: ISA disposals tax-free; main-home gain relieved; pension lump sum tax-free; restructuring frictionless. After residence: all four taxable or constrained, plus Modelo 720 and wealth tax on what remains. Same family, same wealth — what changed was simply the order of play.



THE SPINE OF THE PLAN

The Spanish-compliant investment bond

One wrapper, most of those headaches gone

If pages 4 and 5 read like a list of frictions — savings income taxed annually, the ISA stranded, Modelo 720 line items multiplying — this page is the answer most of our Spanish-resident clients use. A **Spanish-compliant investment bond** is a life-assurance-wrapped portfolio, issued by an insurer meeting Spain's requirements, inside which your investments grow with the frictions removed.

What it does

Tax deferral: no Spanish tax on income or gains rolling up inside the bond — tax arises only on withdrawal, and then only on the **gain portion** of what you draw, at the savings rates. A family drawing modest income from a large bond can run a remarkably low effective rate for years. **Compliance built in:** because the structure is recognised, taxation is straightforward and — with Spanish-compliant bonds — the insurer typically handles the tax accounting, simplifying both the annual return and (for qualifying policies) the reporting burden. **Portability:** the same architecture exists in Portugal-compliant and other forms — move again and the structure can often move with you, the wrapper that travels where the ISA cannot. **Estate integration:** beneficiary designations route proceeds cleanly, and the bond sits naturally alongside the succession planning of page 8.

What goes inside

The same disciplined, diversified portfolio our Guide to Investing describes — the five-strategy machinery, the investment committee, custody with a major custodian — simply held inside a wrapper Spain recognises, in the currencies your Spanish life actually spends. The bond is plumbing; the portfolio is the point.

The honest caveats

Costs vary across providers and deserve daylight; surrender terms matter; and the wrapper suits medium-to-long-term capital, not next year's spending money. Above all, the market contains both excellent compliant bonds and expensive offshore products wearing the same vocabulary — the difference is in the documents, and reading them is our job. Established

before Spanish residence, funded by the sales made before the move, the bond turns a stranded UK portfolio into a Spanish-native one in a single, well-sequenced step.

> **The ISA doesn't travel. This Modelo 720 does.**



PENSIONS TO SPAIN

The Spanish chapter of the pensions story

Distilled from our Guide to Pensions Across Borders

Keep the UK wrapper; move the income

For most Spanish-bound retirees, the right pension answer is the post-2024 default: **keep UK pensions** (re-engineered for non-resident service where needed), establish the treaty position, and have income paid gross under an **NT code**, taxed in Spain alone. A QROPS rarely earns its place on this route — the 25% Overseas Transfer Charge applies unless you transfer to a scheme in your own country of residence, and Spanish-domiciled QROPS are a thin market; the four-questions discipline of the pensions guide applies in full to anyone proposing otherwise.

The lump sum: the single biggest timing decision

Page 5 said it; it bears repeating as the headline of this page: the UK tax-free lump sum is **taxable in Spain**. Drawn before residence: tax-free. Drawn after: income. Staged across the move: plannable. Whatever else moves in your diary, this decision is made against the residency calendar.

The State Pension: good news, with a deadline

Spain is uprating territory — your State Pension **rises each year** exactly as it would at home, and is taxable in Spain like other pension income. Years abroad still mean NI gaps, and the **April 2026 rules** apply: top-ups now run through Class 3 with a 10-year-link test for new applicants, and the **transitional window closes 5 April 2027**. The forecast-and-fill exercise belongs in the year-before checklist.

Healthcare: the S1 and the insurance bridge

UK State Pensioners resident in Spain can register an **S1 form**, giving access to Spanish state healthcare funded by the UK — one of the genuinely generous survivals of the post-Brexit settlement. Before State Pension age, the visa routes require **full private cover** — which therefore belongs in the budget and the application pack from day one. Either way, healthcare is a planning line, not an afterthought.

Read next

The full machinery — NT codes, the transfer rules as they now stand, the 2027 death-benefit dimension — is our Guide to Pensions Across Borders, pages 5, 6 and 10.



THE ESTATE PLAN, DOUBLED

Succession the Spanish way — alongside the UK rules that follow you

Spain taxes your heirs. The UK taxes your estate. Plan for both.

A different philosophy

UK inheritance tax falls on the **estate**; Spanish succession and gift tax (ISD) falls on **each beneficiary** — with the bill depending on who they are (spouse, child, sibling, stranger), what they receive, and **which region's rules apply**. The autonomous communities have rewritten the national framework so thoroughly that close family in regions like Madrid, Andalusia or the Valencian Community often inherit with reliefs of 99%-or-so, while the same inheritance under the national default rules could cost real money. Beneficiary by beneficiary, region by region: that is the planning grid.

And the UK rules haven't let go

Your **long-term-residence tail** keeps your worldwide estate within UK IHT for **three to ten years** after leaving — and UK assets (the kept rental, UK pensions including the April 2027 change) remain within the UK net permanently. For the first years in Spain, most families are honestly inside **both systems**, with treaty-free double-tax relief resting on credit mechanics rather than a UK–Spain estates treaty. The sequencing disciplines of our Guide to Inheritance Tax — gifts timed against the tail, structures settled at the right moment — apply with the Spanish grid laid on top.

Forced heirship — and the election that fixes it

Spanish succession **law** reserves fixed shares of an estate for children. The fix, for British nationals, is the **EU Succession Regulation ('Brussels IV')**: a properly drafted election in your will choosing the law of your **nationality** to govern your succession — restoring testamentary freedom. The caveat, always: the election changes the law, never the tax. Most of our Spanish-resident clients hold a **Spanish will for Spanish assets**, coordinated with the English will so neither revokes the other — the drafting trap our Guide to Wills page 7 exists to prevent.

The structures that work in both systems

The compliant bond's beneficiary designations; life cover written appropriately for Spanish beneficiaries; lifetime gifts mapped against both the UK seven-year clock and Spanish gift tax (Spain taxes lifetime gifts to the recipient — the order and direction of giving changes the bill). Two systems, one family, one coordinated plan.

THE PROPERTY AND THE PRACTICALITIES

Buying well, settling well

The bit most guides start with; we kept it till last for a reason

Rent first. Genuinely.

The advice every adviser gives and few families take: a rented year teaches you the town, the season, the microclimate and the neighbours before you commit seven figures to them — and it hands you calendar flexibility that pays for itself. The villa will still be there.

Buying: the real numbers

Budget **10–15% on top of the purchase price** for taxes and costs — transfer tax on resales (regional, commonly 6–10%), VAT plus stamp duty on new builds, notary, registry and legal fees. Use an independent lawyer (not the agent's), insist on clean title and licence checks — coastal Spain's planning history rewards diligence — and hold the property in the right names from day one: ownership structure feeds the wealth tax allowances, the succession grid and any future sale. Non-residents buying before the move face their own withholding mechanics; another small vote for sequencing.

The admin spine

The **NIE** (foreigner's identification number) comes first — nothing signs without it. Then the empadronamiento (town-hall registration), Spanish banking (increasingly smooth, occasionally Kafkaesque), the visa pack with its insurance and income evidence, and in time the residency card and Spanish driving licence exchange. None of it is hard; all of it is sequential — and it queues better from a rented base than a hotel.

The money of daily life

Run the household in euros, funded deliberately: a staged conversion plan rather than ad-hoc transfers at tourist rates (the currency discipline of our

Guide to Investing, page 8, in its most domestic form). Budget honestly for private health cover where the visa requires it, for the UK trips that always happen more than planned — and enjoy the part nobody needs a guide for: the cost of living that still undercuts the Home Counties by a distance.

The buyer's five

Independent lawyer engaged before any deposit. 10–15% costs budgeted on top. Title, licences and community charges verified. Ownership names decided with the tax grid in mind. And the purchase timed against the residency calendar, not just the school year. Five checks today; peace of mind for good.

THE TWO-CALENDAR PROBLEM

Sequencing a UK exit against a Spanish entry

Two countries, two year-ends — and the gap between them is yours to use.

Every chapter so far has ended with the same instruction: time it carefully.

The year before (UK-resident throughout)

The realisation year. Sell or restructure what should never become Spanish-resident assets: the ISA decision, gains harvested under UK rules, the main-home sale completed with full UK relief, the pension lump sum drawn or staged, the compliant bond established and funded. Visa application assembled (income evidence, health cover). State Pension forecast pulled and NI topped up inside the transitional window (**before 5 April 2027**). Wills reviewed; the Brussels IV election drafted in.

The arrival year (the half-year lever)

Where the plan allows, **arrive after 1 July**: under 183 Spanish days, one final UK tax year, and a clean 1 January start as a Spanish resident — with the treaty tie-breaker held in reserve rather than relied upon. Use the autumn for the NIE, the empadronamiento, the banking and the rented base. Nothing irreversible happens this year that didn't happen deliberately.

Year one as a resident

The first Spanish returns: income tax in the spring filing season, **Modelo 720 by 31 March** (the asset list built months earlier), wealth tax position confirmed against region and structure. The NT code working; pension income flowing gross from the UK and declared in Spain. The Spanish will signed. The UK side doesn't vanish: the long-term-residence tail is mapped, and any UK filings (the kept rental, the final split-year return) completed.

Every year after

The annual review, run on both calendars: allowances and structures on the Spanish side; the shrinking UK tail and the 2027 pension question on the UK side; the portfolio rebalanced inside the bond; the currency plan rolled forward. Spain rewards the family that treats this as routine — which, by year two, it is.

> **Time the move for the children.**
> **Time the money for the tax year.**

YOUR ACTION PLAN

From dream to address — and how we'll step through it with you

Twelve to eighteen months out

Choose the region with the tax grid in view as well as the view itself. Confirm the visa route and start the evidence file. Build the full asset list — every account, wrapper, property and pension — because every later step consumes it.

The UK-side year

Execute page 5's realisations and page 6's structure: ISA decision, home sale, lump sum, bond established. Pensions set up for gross payment; NI record repaired inside the window. Wills coordinated, election drafted, ownership names settled.

Arrival and year one

Land after the half-year line where possible. NIE, padrón, banking, rented base. First filings — income tax, Modelo 720 by 31 March — from a list built in advance. Spanish will signed; S1 registered at State Pension age or private cover running before it.

Every year

The two-calendar review: Spanish filings and allowances, the UK tail counted down, the portfolio and currency plan rolled forward, the estate grid refreshed as the family changes.

How Alto helps

One plan, both sides of the border. Estate planning sits inside **We're already there.** An office in Jávea, CNMV registration and locally registered tied agents — Spanish-resident clients are not a market we serve at arm's length; they're the neighbourhood.

Both calendars, one plan. UK exit and Spanish entry sequenced together through our five-step process — **Understanding You, Discovering You, The Heavy Lifting, Presentation, Delivery** — alongside your Spanish lawyer and gestor.

The structures that work here. Spanish-compliant bonds, treaty-correct pension routing, succession planning built for the regional grid — the machinery of pages 6 to 8, done daily.

Everything visible. Every asset on both sides of the move, live in **WealthVault,** our mobile, secure wealth management app — which also happens to be the Modelo 720 list, ready early.

It starts with a conversation. No obligation, no fee, no pending bill — ideally a year before the flight, and in either language.

> **Spain gives the prepared a warm welcome — and the spontaneous a bill.**

Enjoy the sunshine. Let us do the system.

A move to Spain done in the right order is one of the best lifestyle decisions available to a British family — and done in the wrong order, one of the most quietly expensive. The difference is rarely the destination. It's the sequencing.

Schedule your personalised consultation today. Together we'll choose the region with eyes open, restructure on the right side of the line, and build the Spanish-resident financial life — bond, pensions, estate plan and all — before the removal van is booked.

Find your place in the sun. We'll handle the rules on both sides of it.



Fancy a chat? Something in mind? Let's talk.

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