

# Private Client 2021

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**Contributing editors**

**Anthony Thompson and Nicole Aubin-Parvu**  
Forsters LLP

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Lexology Getting The Deal Through is delighted to publish the ninth edition of *Private Client*, which is available in print and online at [www.lexology.com/gtdt](http://www.lexology.com/gtdt).

Lexology Getting The Deal Through provides international expert analysis in key areas of law, practice and regulation for corporate counsel, cross-border legal practitioners, and company directors and officers.

Throughout this edition, and following the unique Lexology Getting The Deal Through format, the same key questions are answered by leading practitioners in each of the jurisdictions featured. Our coverage this year includes new chapters on Bermuda, Cayman Islands, Cyprus, Guernsey, Switzerland and the United States.

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Every effort has been made to cover all matters of concern to readers. However, specific legal advice should always be sought from experienced local advisers.

Lexology Getting The Deal Through gratefully acknowledges the efforts of all the contributors to this volume, who were chosen for their recognised expertise. We also extend special thanks to the contributing editors, Anthony Thompson and Nicole Aubin-Parvu of Forsters LLP, for their continued assistance with this volume.



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# Spain

Ernesto Lacambra and Cristina Villanova

Cases & Lacambra

## TAX

### Residence and domicile

#### 1 | How does an individual become taxable in your jurisdiction?

Individuals resident in Spain are liable for income tax in Spain on their worldwide income, whether derived in Spain or abroad. Individuals who are non-resident in Spain are liable to tax on their Spanish source income.

Part-year resident do not exist under Spanish Law. An individual is either resident or non-resident and is taxed as such for the entire tax year.

#### Residents

The Spanish Personal Income Tax Act sets forth two rules and a presumption to consider an individual as a tax resident in Spain. An individual is considered to be resident in Spain for tax purposes when: (1) the individual is physically present in Spain for a period of more than 183 days in a tax year, (2) the centre of the individual's activities or economic interests are located in Spain, or (3) the individual's spouse or minor children are tax residents in Spain.

The permanence test applies when the individual remains more than 183 days per calendar year in Spain. Occasional absences shall be considered to calculate the period of residence, except when individuals prove they have their tax residence in another country.

In other words, to determine the period spent in the Spanish territory, sporadic absences would be computed as time spent in Spain unless the individual could prove its tax residence in another country. In the case of countries or territories classified as tax havens according to the Spanish legislation, the Spanish tax authorities may request proof of residence in the tax haven for 183 days per calendar year.

The centre of economic interest test applies when the main or central place of business of the individual is directly or indirectly located in Spain.

Finally, unless there is evidence to the contrary, an individual shall be deemed to be a resident of Spain if, in accordance with the aforementioned criteria, his or her legally non-separated spouse and dependent minor children reside in Spain (presumption applicable).

The main direct taxes to individuals with tax residence in Spain are personal income tax, wealth tax, and inheritance and gift tax.

Personal income tax includes the individual's worldwide income: employment income, salary as a member of a board of directors, dividends, capital gains, interests, rental income, etc.

The Spanish Personal Income Tax: the individual's taxable income is reduced by several deductions and allowances based on personal and familial status.

Individuals who become Spanish tax residents as a consequence of a work contract or as a result of acquiring the status of director of a company may choose between being taxed as a Spanish tax resident

(according to the progressive tax rate) or as a nonresident (according to the NRIT flat rate). This option is applicable when some criteria are met, and it is effective for the period in which the change of residence takes place and the following five tax years.

In Spain, wealth tax subjects to taxation the individual's worldwide net assets (assets minus liabilities) held as at 31 December. However, the Wealth Tax Act foresees an exemption of €300,000 for permanent domicile, and €700,000 on net assets. However, it is important to mention that wealth tax is partially transferred to the autonomous regions of Spain, which have the right to regulate exemptions and tax rates (ie, exemption on family business). As a consequence, the final taxation on wealth tax may vary depending on the autonomous region where the individual is tax resident.

Inheritance and gift tax are levied on goods and rights acquired by Spanish tax residents by inheritance, legacy, or other types of succession, or by donation. The tax is levied on assets' net acquisition value. The tax liability will depend on different matters, such as, the relation between the taxpayer and the donor or deceased, the taxpayer's previous wealth, or the autonomous region of residency. The autonomous regions have an extensive power to pass their tax reliefs and tax rates, so that, the tax liability could significantly differ from one region to another.

#### Non-residents

The taxable event of non-residents Income tax (NRIT) comprises income and capital gains of Spanish source obtained by individuals who are not considered as residents in Spain according to the above criteria. Spanish source income and capital gains include: (1) income obtained through a Permanent Establishments (PE); (2) income obtained without a PE derived from economic activities, services or other activities carried out in Spain; (3) labour income that derives, directly or indirectly, from a personal activity carried out in Spain; (4) interests, royalties and other; (5) dividends; (6) income derived from real estate located in Spain; and (7) capital gains.

Besides NRIT, non-residents in Spain are subject to Wealth Tax on their assets and rights, which are located, can be exercised or must be complied with in Spain, considering a €700,000 exemption.

Inheritance and gift tax is also applicable to non-residents in Spain for (1) the acquisition of goods and rights that are located, can be exercised or must be complied within Spain and (2) the receipt of amounts derived from life insurance contracts when the contract has been formalised with Spanish insurance companies or has been formalised in Spain with foreign insurance companies, with some particularities.

## Income

### 2 | What, if any, taxes apply to an individual's income?

#### Residents

Spanish Personal Income Tax distinguishes two types of taxable income: general taxable income and savings taxable income. The main difference resides with tax rates. Savings taxable income is taxed at the following rates: 19 per cent the first euro 6,000, 21 per cent for the following €6,000 to 50,000 and 23 per cent for any amounts over €50,000. For general taxable income, progressive rates are applied to the range between 18.50 per cent and 48 per cent, which could vary depending on the autonomous region where the individual is tax resident.

Savings taxable income is the sum of dividends, interests, and capital gains derived from the transfer of assets. General taxable income includes all income that is not considered saving income as employment income, business activities as an individual, rental income and deemed income.

#### Non-residents

Generally, non-resident income tax will apply to dividends, interest, and capital gains at a 19 percent tax rate, and a 24 percent tax rate to any other sort of income (employment income, deemed income, rental income, etc). If the non-resident resides in the EU, a 19 percent withholding tax will also apply to rental income and deemed income.

#### Capital gains

### 3 | What, if any, taxes apply to an individual's capital gains?

Tax-resident individuals will be subject to personal income tax on capital gains at 19 per cent: the first €6,000, 21 percent up to €50,000 and the amount over this threshold to 23 per cent. Non-resident individuals will be subject to non-resident income tax at a 19 percent tax rate. Additionally, under certain specific circumstances, capital gains can be taxed under the general tax base.

For both resident and non-resident individuals, capital gains will be assessed on the difference between the market value of the asset transferred, and its acquisition cost. Depending on the asset being transferred, the market value and the acquisition cost will be adjusted for taxes and expenses incurred by the transferor.

#### Lifetime gifts

### 4 | What, if any, taxes apply if an individual makes lifetime gifts?

Lifetime gifts will be subject to inheritance and gift tax and, under certain circumstances, to personal income tax at the donor's level for the difference between the market value of the gift and its acquisition cost.

The beneficiary of a lifetime gift will be subject to inheritance and gift tax by the taxation of the autonomous region of his or her residence (which generally rises to approximately 34 per cent for lifetime gifts equal to or greater than approximately €779,000). However, such tax rates can be reduced depending on each Spanish autonomous region. For instance, in Catalonia, gifts could be taxed at between 5, 7 or 9 per cent if the lifetime gift is formalised in a public deed and it is between descendants or be effectively exempt in another autonomous region (ie, Madrid).

If the beneficiary of the lifetime gift is not a tax resident in Spain, the state legislation will apply, which foresees tax rates up to 34 per cent. If the beneficiary is a tax resident in the EU or EEA, the taxpayer will be entitled to apply the state or autonomic legislation. Nevertheless, the Spanish Supreme Court pronounced in favour of allowing non-residents in the EU or EEA to apply for the autonomous region's legislation.

Notwithstanding the above, if the lifetime gift is a property, the legislation of the autonomous region where the asset is located will apply.

Under certain circumstances, if such property is donated to constitute the permanent domicile of the beneficiary, exemptions would apply.

The donor will include in his or her income tax any capital gains derived from the difference between the market value of the gift, and its acquisition cost (cash donations are not subject to personal income tax).

#### Inheritance

### 5 | What, if any, taxes apply to an individual's transfers on death and to his or her estate following death?

As a general rule, inheritances will be subject to inheritance and gift tax. The taxable event of inheritance and gift tax is regulated by the state legislation. However, autonomous regions have the right to legislate in terms of exemptions, allowances, and tax rates. Consequently, inheritance and gift tax may substantially differ depending on the autonomous region.

#### Residents

An autonomous region's legislation of residence of the deceased will apply. If the autonomous region has not legislated in this regard, tax rates usually range from 7.65 per cent up to 34 per cent for inheritances equal to or greater than €797,555. If the deceased were tax resident in Spain but the beneficiaries tax resident in the EU, or EEA, they would have the right to choose between the state legislation or the autonomous region's legislation. If the beneficiary is not tax resident in Spain, the EU or EEA, the state legislation would apply.

Certain exemptions and allowances will apply on succession.

#### Real property

### 6 | What, if any, taxes apply to an individual's real property?

Real estate owners who own properties other than their main residence and land plots will be taxed under personal income tax or non-residents income tax on deemed income or on rental income.

Deemed income will be calculated as 1 per cent or 2 per cent of the real estate cadastral value. The cadastral value is the property value assigned by the government.

Wealth tax is also levied on real estate, but some tax reliefs can be applicable, namely, the specific minimum tax-exempt amount established by the autonomous regions where it is located, a tax exemption up to €300,000 for permanent dwellings or real estate affect to business when certain requirements are met.

Furthermore, other minor local taxes are levied as property tax or tax on the increase of urban land value.

#### Non-cash assets

### 7 | What, if any, taxes apply on the import or export, for personal use and enjoyment, of assets other than cash by an individual to your jurisdiction?

Taxes will differ depending on the asset because the Spanish tax system foresees special taxes for boats, cars and paintings, among others. In addition, VAT may also apply to the transfer of ownership of such assets at a 21 per cent general tax rate (lower rates may apply depending on the asset).

#### Other taxes

### 8 | What, if any, other taxes may be particularly relevant to an individual?

For an individual who plans to invest in Spain the most relevant taxes would be related to real estate investments. As an example, if an individual acquires a residential property, VAT (10 per cent) would apply if

the property is brand new, and transfer tax if the property is not brand new. In this regard, transfer tax is partially regulated by autonomous regions (tax rates range from 6 per cent to 11 per cent).

### Trusts and other holding vehicles

**9 | What, if any, taxes apply to trusts or other asset-holding vehicles in your jurisdiction, and how are such taxes imposed?**

Trusts are not recognised under Spanish law.

In Spain, it is very common to set up Spanish holding companies in order to invest in different companies, real estate, or other investments. In this regard, investing or holding assets through a holding company allows the applicability of two different tax allowances when certain requirements are met:

- Spanish holding tax (ETVE). Participation exemption on dividends and capital gains if certain requirements are met (holding at least 5 per cent of the subsidiary, one-year holding or maintenance, among others).
- 95 per cent or 100 per cent family business allowance. If certain requirements are met, the mere ownership and transfer of shares of a holding company (or any Spanish company) will benefit from a 95 per cent tax allowance on inheritance and gift tax and 100 per cent on wealth tax.

### Charities

**10 | How are charities taxed in your jurisdiction?**

In Spain, charities could be organised under different legal forms, the most common being associations and foundations.

Both types of charities pursue a general interest and are based on non-profit principles. These entities will be subject to a 10 per cent corporate income tax rate but income derived from their donors or from assets will be tax-exempt if certain requirements are met.

### Anti-avoidance and anti-abuse provisions

**11 | What anti-avoidance and anti-abuse tax provisions apply in the context of private client wealth management?**

Spanish General Tax Law considers the general anti-abuse rule that applies to all Spanish taxes whenever the taxable event is totally or partially avoided or the tax due is reduced as a consequence of (1) the taxpayer carrying out a notoriously artificial or unsuitable act or business to achieve this result; or (2) implementing an act or business that does not result in significant legal or economic effects other than tax savings.

Additionally, the Spanish personal income tax act and corporate income tax act establish controlling foreign corporation rules (CFC rules), which apply to non-resident subsidiaries of Spanish taxpayers that do not have human and material resources and:

- 1 hold more than 50 per cent of the capital of the foreign company
- 2 the corresponding personal or corporate income tax is less than a 75 per cent of the tax that would have been due in accordance with Spanish rules.
- 3 only certain income is considered for this purpose, such as assurance activities, real estate not considered as business activity, etc.

The Spanish Personal Income Tax Act foresees an exit tax on unrealised capital gains from Spanish tax residents under a change on their tax residence as long as (1) the individual has been a Spanish tax resident for at least 10 of the 15 years preceding to the change of residence; and (2) when the market value of the shares exceeds €4 million or €1 million if holding more than 25 per cent of the shares. If the individual

moves to an EU country or a country with an effective exchange of tax information, exit tax will only be required if within 10 years the individual transfers its shares, changes its tax residency out of the EU or the individual violates the obligations of information.

Lastly, Spanish legislation provides anti-avoidance rules applicable to tax havens jurisdictions.

## TRUSTS AND FOUNDATIONS

### Trusts

**12 | Does your jurisdiction recognise trusts?**

No. Trusts are not recognised in the Spanish legal system and their legal and tax treatment is directly applicable to individuals.

### Private foundations

**13 | Does your jurisdiction recognise private foundations?**

The Spanish legal system recognises different legal forms equivalent to foreign private foundations (such as foundations, associations or federations, among others).

In this regard, a special tax regime is foreseen applicable to non-profit entities that carry out public interest activities. This tax regime allows these entities to benefit from a full exemption on income or gains derived from their assets or donations from third parties. Any other income will be taxed at 10 per cent corporate income tax.

## SAME-SEX MARRIAGES AND CIVIL UNIONS

### Same-sex relationships

**14 | Does your jurisdiction have any form of legally recognised same-sex relationship?**

The Spanish legal system confers upon same-sex marriages the same legal status as opposite-sex marriages. Civil unions are also recognised as a form of the legal union such as marriage.

Although civil unions equal marriage in many aspects, they have a specific legal status in certain areas such as succession and tax (ie, the possibility to be taxed jointly, alimony, widowhood pension, etc). These aspects are often regulated by each autonomous community.

### Heterosexual civil unions

**15 | Does your jurisdiction recognise any form of legal relationship for heterosexual couples other than marriage?**

There are no other forms of legal relationship for heterosexual and homosexual couples other than marriage or a civil union.

## SUCCESSION

### Estate constitution

**16 | What property constitutes an individual's estate for succession purposes?**

All assets and rights under an individual's legal ownership.

### Disposition

**17 | To what extent do individuals have freedom of disposition over their estate during their lifetime?**

Individuals have full freedom of disposition of their estate during their lifetime as long as the 'right of food' is respected. This right consists of the obligation that any individual has towards his or her relatives in

certain circumstances (health, survival, scholarship in case of underage descendants, etc).

Spain has a restrictive provision for inheritance, with its forced share provisions for children and descendants. The forced share amount sets the descendants' share at two-thirds of the hereditary portion if there is at least one descendant. The right to receive a forced share is not subject to waiver.

The forced share may be satisfied with life-time gifts or by will. If gifts are made and the amounts extend beyond one-third to one-half share of the hereditary assets, they are subject to clawback. The clawback provisions are necessary to prevent decedent from avoiding the requirement by gifting the property before death.

Exceptions to the forced heirship rules include disinheritance for cause or unworthiness (i.e. abandonment, attempted murder, false accusations of crimes and acts of violence).

### 18 | To what extent do individuals have freedom of disposition over their estate on death?

Each autonomous region of Spain has the right to legislate on different matters of the Spanish Civil Code. One of these matters is succession.

In this regard, the Spanish Civil Code foresees at least one-third of the non-disposal of the deceased (forced heirship). Such non-disposal estate is allocated to the descendants of the deceased and, on some occasions, the surviving spouse has the right to usufruct on different assets.

However, in certain autonomous regions, the Spanish Civil Code does not apply because a regional civil code is in place. As an example, in the Catalan Civil Code, it is foreseen that non-disposal assets of the deceased will be 25 percent of the inheritance, instead of one-third foreseen in the Spanish Civil Code.

### Intestacy

#### 19 | If an individual dies in your jurisdiction without leaving valid instructions for the disposition of the estate, to whom does the estate pass and in what shares?

In Spain, if an individual dies without leaving valid instructions for the disposition of the estate, the legislation foreseen in the autonomous region of his or her residence will apply. The applicable legislation usually allocates the estate to the descendants of the deceased. If the deceased does not have any descendants, the estate is allocated to his or her parents, spouse, brothers or sisters, nephews or nieces.

It is also very common that the estate is allocated to the descendants of the deceased with the right of use (usufruct) in favour of the spouse.

### Adopted and illegitimate children

#### 20 | In relation to the disposition of an individual's estate, are adopted or illegitimate children treated the same as natural legitimate children and, if not, how may they inherit?

Yes. They are considered as natural legitimate children with the same rights.

### Distribution

#### 21 | What law governs the distribution of an individual's estate and does this depend on the type of property within it?

Since the entering into force of Regulation (EU) No. 650/2012, the applicable legislation in terms of distributing an individual's estate will be determined by the habitual residence of the deceased.

### Formalities

#### 22 | What formalities are required for an individual to make a valid will in your jurisdiction?

The beneficiaries of a will should proceed to appear before notary and sign a public deed in which they accept to receive the assets and liabilities. When liabilities are predictable, it is advisable to accept under a precedent condition of previous assessment of liabilities. If the liabilities turn out to be higher than the assets, the heirs can waive the will.

### Foreign wills

#### 23 | Are foreign wills recognised in your jurisdiction and how is this achieved?

The beneficiary of a foreign will must have the will legalised for it to be valid for Spanish legal purposes. It will normally be necessary to obtain a sworn translation of the will to execute it before a Spanish notary.

### Administration

#### 24 | Who has the right to administer an estate?

The deceased has the right to appoint an executor of the estate to distribute it in accordance with the deceased's will and to fulfil the remaining duties and obligations. If the deceased has not appointed an executor, the said beneficiaries of the will should commonly agree to distribute it or, in absence of agreement, appoint an executor. If the beneficiaries do not reach an agreement to appoint such executor, they are entitled to request a judiciary executor.

#### 25 | How does title to a deceased's assets pass to the heirs and successors? What are the rules for administration of the estate?

In most inheritances, the notary executes the will of the deceased and the beneficiaries sign the title deed of acceptance of the inheritance in accordance with the provisions set out in the will. Later, the beneficiaries submit the title deed of acceptance of the inheritance to register before banks, property registry and corporate registry their ownership of the assets.

### Challenge

#### 26 | Is there a procedure for disappointed heirs and/or beneficiaries to make a claim against an estate?

Yes. Disappointed heirs or beneficiaries may file a claim against an estate in order to exercise the rights they are entitled to (ie, the payment of the non-disposed estate to certain beneficiaries, disagreement with the reasons argued by the deceased to disappoint heirs or challenge the testator's disability).

## CAPACITY AND POWER OF ATTORNEY

### Minors

#### 27 | What are the rules for holding and managing the property of a minor in your jurisdiction?

As a general rule, the management of the property of a minor is entrusted to his or her parents or legal representatives, who are bound by the general rules of guard and custody.

**Age of majority**

**28** | At what age does an individual attain legal capacity for the purposes of holding and managing property in your jurisdiction?

Legal capacity for patrimonial purposes is granted when individuals reach legal age (18 years old in Spain). However, if the underage person is 16 and undergoing professional training, he or she will be able to hold assets and rights derived from such activity.

**Loss of capacity**

**29** | If someone loses capacity to manage their affairs in your jurisdiction, what is the procedure for managing them on their behalf?

After the loss of legal capacity, the custody and protection of the incapacitated person may be guaranteed through the appointment of a guardian, curator, or custodian. The appointment procedure requires a judge to approve the custody, usually involving a hearing with the closest relatives of the person concerned. Once appointed, management must be carried in the best interest of the incapacitated person, and except for some specific powers that would require a judge's authorisation, it would be performed under the criteria of the guardian, curator, or custodian.

**IMMIGRATION****Visitors' visas**

**30** | Do foreign nationals require a visa to visit your jurisdiction?

Spain does not request visas from EU and EEA jurisdictions, most Latin American jurisdictions, and jurisdictions such as Israel, Singapore, the United States or South Korea, among others.

Given that the covid-19 pandemic, Spain, as well as the rest of the EU/Schengen Area members imposed an EU-wide entry ban on third-country nationals in mid-March 2020, following the recommendation of the EU Commission.

Due to the improved epidemiological situation in the EU and abroad, Spain has currently lifted the entry ban for the residents of Australia, Canada, Georgia, Japan, Montenegro, New Zealand, Rwanda, Serbia, South Korea, Thailand, Tunisia, and Uruguay.

**31** | How long can a foreign national spend in your jurisdiction on a visitors' visa?

A tourist visa in Spain lasts 90 days from the date of arrival.

**High net worth individuals**

**32** | Is there a visa programme targeted specifically at high net worth individuals?

In 2013, Spain passed its own Golden Visa programme, which allows qualified investors to reside in Spain for a one-year period renewable for two years and, ultimately, for five years.

It is required to carry out a qualified investment in Spain: (1) a €500,000 investment in Spanish real estate, this can be one or more properties of any type, (2) a €1 million investment in bank deposits in Spanish Financial Entities, (3) a €1 million investment in shares of Spanish companies, (4) a €2 million investment in Spanish Public Debts, or (5) starting a business project in Spain of general interest, which creates employment, contributes to technological or scientific innovation, or both, or has a socio-economic impact on the local area.

**33** | If so, does this programme entitle individuals to bring their family members with them? Give details.

The scope of the golden visa includes relatives of the applicant. The spouse and offspring under 18 may apply, jointly and simultaneously or subsequently, for the authorisation and the visa. This scope has been extended to the partner of the applicant, children of legal age economically dependent who are not married, and ascendants economically dependent on the applicant.

**34** | Does such a programme give an individual a right to reside permanently or indefinitely in your jurisdiction and, if so, how?

Having obtained a residence visa for a one-year period, the applicant may apply for a residence authorisation for at least two renewable years, which may be extended for another five years.

**35** | Does such a programme enable an individual to obtain citizenship or nationality in your jurisdiction and, if so, how?

The Golden Visa does not permit Spanish citizenship. However, among other channels, the Spanish Civil Code allows individuals to obtain Spanish citizenship under the following circumstances: 10 years of residence, or two years of residence for individuals from Ibero-American jurisdictions including Andorra, Philippines, Equatorial Guinea, Portugal and individuals with Sephardic ancestors.

Individuals who reside in Spain or who currently hold investments in Spain will be subject to relevant taxes such as wealth tax, inheritance and gift tax or personal income tax. In addition, taxation and succession is quite complex depending on the legislation of different autonomous regions of Spain.

However, the Spanish legal system foresees different tax planning alternatives to reduce the tax burden for the individual investor.

If certain requirements are met, individuals are entitled to apply for family business exemptions on wealth tax and relevant allowances on inheritance and gift tax. Family business exemptions and allowances requirements may vary depending on the autonomous region where the shareholders or beneficiaries are located.

In addition, Spanish holding companies could be incorporated to channel inbound and outbound investments. Under certain conditions, Spanish holding companies will be entitled to apply for the participation exemption on dividends and capital gains.

**UPDATE & TRENDS****Key developments**

**36** | Are there any proposals in your jurisdiction for new legislation or regulation, or to revise existing legislation or regulation, in areas of law relevant to high-net worth individuals, particularly those coming to or investing in your jurisdiction? Are there any other current developments or trends relevant to such individuals that should be noted?

The Spanish State Budget Law of 2020 has not been approved yet. Following the Spanish Constitution, article 134.4, when the State Budget Law is not approved before the first day of the corresponding tax year, the Budget Law of the previous tax years shall be automatically extended until the approval of the new one.

The Spanish government has announced an increase on the Personal Income Tax rates for 2020 (in a 2 per cent for net general taxable income exceeding €130,000 and in a 4 per cent for net general taxable income exceeding €300,000). Furthermore, tax rates applicable

to investment income and capital gains for 2020 may be expected to increase by up to 27 per cent for investment income and capital gains exceeding €140,000.

Considering these measures were announced before the covid-19 crisis, they may be expected to come into force as from 2021.

Furthermore, some autonomous regions of Spain have included several relevant changes in regional taxes (ie, Transfer Tax and Inheritance and Gift Tax). As an example, Catalonia has reintroduced the multiplier coefficients for taxpayers of kindship groups I and II (descendants, spouse, and ascendants) based on their wealth before the gift or donation.

### Coronavirus

**37** What emergency legislation, relief programmes and other initiatives specific to your practice area has your state implemented to address the pandemic? Have any existing government programmes, laws or regulations been amended to address these concerns? What best practices are advisable for clients?

To manage the health crisis caused by covid-19, the Spanish government approved the State of Alarm by Royal Decree 463/2020 on 14 March 2020. This Decree was followed by the Royal Decree-Law 8/2020 of 17 March, which introduced urgent measures to mitigate the economic and social crisis.

In relation to tax implications, the following relevant measures were approved:

- Suspension of the deadline for tax debt payments issued by tax authorities, either during the voluntary or enforcing period, along the alarm state period.
- Suspension of the deadlines for replying to requirements, submitting tax appeals, replying requests, filing economic-administrative claims, or attend information requests, among others, until 1 June.
- Suspension of the enforcement of guarantees relating to real estate assets along the alarm state period.
- Extension of the terms stated for penalty and review procedures launched by tax Authorities.
- Suspension of the statute of limitations and expiration periods along the alarm state period.

Corporations whose turnover in 2019 did not exceed €6,010,121.04 were benefited from an automatic six months deferral of tax debts payments up to €30,000 with no guarantee or collateral requirement. Self-employed workers who were severely affected by the measures adopted by Spain (ie, a retail business forced to close) or whose billing has been reduced at least 75 per cent in relation to the average turnover of the previous six months, were able to benefit from a one-month cessation- unemployment benefit-.

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