

## BRITISH LIVING IN SPAIN AFTER “BREXIT”

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More than 18.8 million British tourists visit Spain annually, 300.000 of them are already registered with residence in Spain, between 8 and 10 thousand properties are bought every year by British citizens. These numbers give us an idea of how crucial relations between United Kingdom and Spain are. The question now is what is the current situation after the Brexit? How is this affecting British nationals living in Spain? And most specifically, how will Brexit affect British property owners in Spain?

For the moment, the Withdrawal Agreement negotiated by the United Kingdom with the EU opens a Transition Period, which basically keeps relations between EU and the UK as they were before Brexit.

This transition Period will end 31 December 2020 and might be extended further. The current rules on residency, travel, trade and business for the UK citizens will continue to apply during the transition period. During this period, both governments are negotiating new rules that will take effect on 1 January 2021, if the period is not extended.

British Ambassador to Spain, Simon Manley, has advised that the existing Withdrawal Agreement will guarantee British citizens who live in Spain at the moment maintain their existing rights, such as access to the Spanish healthcare system, legal residency, and the increases of pensions annually in line with the increases of pensioners living in the UK. Therefore, **if you are resident in Spain at the end of the transition period, you will be covered by the Withdrawal Agreement, and your rights will be protected for as long as you remain resident in Spain.** It is important that all British people living in Spain have legal residency in the form of their green

A4 paper document or their green residency card.

What will happen after the Transition Period to British citizens not resident in Spain? Firstly, we must warn that the Withdrawal Agreement is subject to future negotiations and that both governments are still working on different regulations. Therefore, future relations are not yet completely determined or clear.

### Residency

If you arrive in Spain before 31 December 2020, you will be able to register as resident in Spain under the current rules and will have your right to residence in Spain protected for as long as you remain resident. After five years of continuous legal residency, the right of permanent residency will be acquired.

Once the transition period has elapsed, regulation for non-EU citizens will apply to become a Spanish resident, meaning Brits are not obliged to meet any conditions for the first three months of their stay in Spain, but after that, in principle, they will be ruled as a non-EU national to obtain residency (which conditions are detailed in a different post in our web page).

Both the Spanish and British Government will maintain a 90-day free travel period with no need for a visa within a 180-day period.

### Healthcare

If you are living in Spain or move there permanently before 31 December 2020, you will have life-long healthcare rights in Spain as you do now, provided you remain resident.

Obviously, you must have registered for Spanish healthcare as a resident in Spain previously.

### Pensions

There will be no changes before 31 December 2020 to the rules on claiming the UK State Pension; you can continue to receive or claim your UK State Pension, and it can be updated every year for as long as you continue to live there.

If you are living in Spain by 31 December 2020, you will be able to count future social security contributions towards meeting the qualifying conditions for your UK State Pension.

If you work and pay social security contributions in Spain, you will still be able to add your UK social security contributions towards your Spanish pension. This will happen even if you claim your pension after 31 December 2020.

### Taxation

The UK has a double taxation agreement with Spain to make sure that you do not pay tax on the same income in both countries. Existing double taxation arrangements for UK nationals living in Spain have not changed after Brexit and is not likely to change.

As a Spanish tax resident, you must declare your global income to the Spanish authorities, no matter which country it comes from (and in certain cases, wealth tax as well, on your worldwide assets). If you are not a tax resident in Spain, you will only pay tax on income that is generated in Spain (or deemed income in your Spanish property, if not rented). **What will happen after the Transition Period with taxation in Spain to British tax residents?** Most probably due to the strong relations between both nations, some kind of

taxation agreement will be reached, so as not to consider a British tax resident as any other non-EU tax resident. If this is not the case, tax residents in a non-EU country would pay non-resident income tax on rental income from their Spanish property at the rate of 24% (instead of 19% which is the tax rate for non-residents who are taxpayers in EU Member States and EEA countries -currently Iceland, Liechtenstein and Norway-). And when renting their property in Spain, non-EU owners are not allowed to offset any expense for these rentals, so the gross rental income is taxed at a 24% (tax rate for non-Spanish residents who are taxpayers in EU Member States and EEA countries would pay 19% of the rental income after deducing all costs and expenses derived from the rental activity: water, electricity, cleaning and gardening service, agent fees...).

Lastly, British that are legally resident in Spain should remember to change their existing driving license for a Spanish Driving license.

Resuming, as the Foreign Secretary, Dominic Raab, wrote back in October 2019, both Governments are working “to ensure that your rights and access to services remain as strong as ever. No matter the terms of our departure from the EU, you will continue to be able to live and work in Spain. But to make sure your daily needs are met, there are some steps you must take to get ready for Brexit. You’ll need to register for residency, check your healthcare cover, verify your passport validity online and exchange your UK driving licence for a Spanish one.”

*For more detailed information, please contact us*  
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