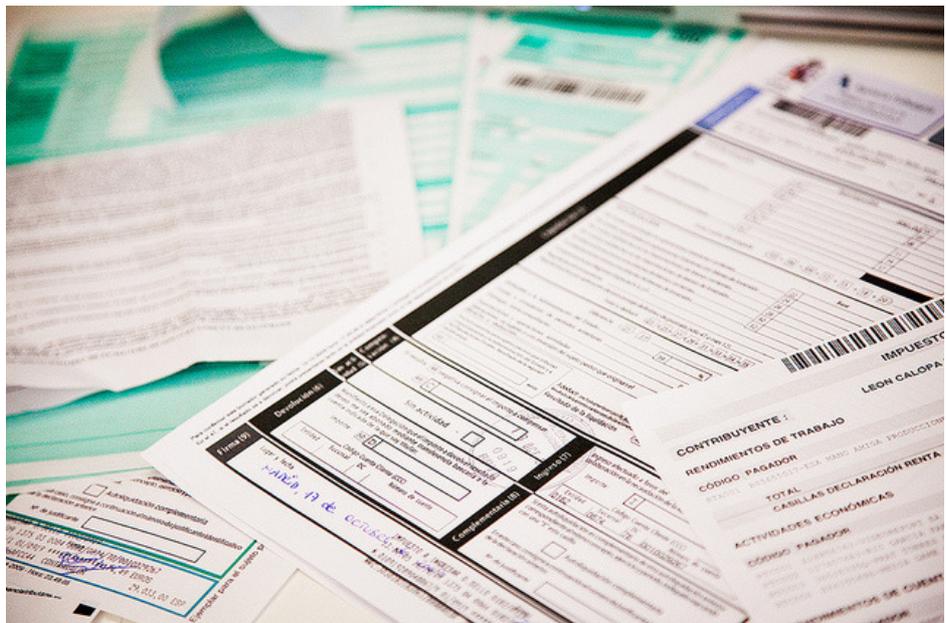


Spanish Bank Account, Tax Residency and the Declaration of Residence

THE DECLARATION OF RESIDENCE REQUIRED BY BANKS

The information contained herein relates to certain aspects of formal residency and the tax implications thereof in relation to Spanish Bank Accounts and with a focus on the Declaration of Residence form.



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Types of Bank Account

Resident Account Non-Resident Account

When opening a bank account in Spain, regardless of the underlying conditions of the account, your account will be assigned one of two account types :

The bank account that will be opened for you will depend on whether you are formally resident in Spain, or whether you reside and pay taxes in another Country. Clearly there are different tax obligations between residents and non residents and Non residents' returns are generally exempt from taxes in Spain, due to them being taxable elsewhere.

According to Spanish law, individuals who satisfy one of the following conditions are deemed resident for tax purposes:

- People who spend 183 days per year or more in Spain.
- People who have made Spain the centre of their business or professional activity.
- People with a spouse or underage children who are resident in Spain.

If considered formally resident in Spain then an individual is subject to Spanish income tax and may be taxed at source accordingly.

With regards to bank accounts, any revenue obtained from funds held in these accounts, such as interest received on funds deposited, is subject to tax. This tax is to be satisfied in your country of residence, and hence if you are resident in Spain then the tax on this revenue is taxed by Personal Income Tax. Furthermore the bank will be obliged to withhold tax at source on the interest awarded paying only the net amount after deduction of said tax.

On the contrary, if you are resident in another country other than Spain, then the interest or revenue achieved from funds held on deposit may be paid gross without deduction of any tax at source. This is such when your bank account is considered a "non resident bank account". In order for the bank to assign such status to your bank account and in order to comply with their internal formal obligations with the Spanish authorities it is necessary for them to receive a formal declaration by the account holder in regards to their residence.

Declaration of Residence

This is the internal document used by Spanish banks to formally ascertain the residency of the account holder, and therefore where their tax obligations lie. It is first filled out when the account is opened and subsequently a renewal is required every 2 years. Under normal banking procedures the bank will mail such form every 2 years to the registered address for the account holder who should simply verify the information contained, complete any additional personal information, sign the document and return the same to the bank. Failure to comply with this obligation may result in the bank being unable to pay any interest or revenue gross and oblige the bank to deduct the appropriate tax at source on said income.

The Document Explained

1. The identifying details: all the information for the bank to uniquely identify you.

Declaration of residence for tax purposes.
(Non-resident accounts under section 14.1.f) of Royal Legislative Decree 5/2004, 5 March approving the reformed text of the Non-Residents Income Tax Act)

1 Identifying details

Tax ID No.	Foreigner's identification number or code	No. of PASSPORT or equivalent document
_____	_____	_____
SURNAMING AND NAME or COMPANY NAME		

Address		

City or Administrative Unit	Country or Territory	
_____	_____	

2 Type of declaration

REGISTRATION RENEWAL
 CANCELLATION MODIFICATION

- Tax ID Number
- NIE Number
- Passport Number
- Surname & Name
- Address
- City or Admin. Unit
- Country or Territory

2. Type of declaration

COUNTRY OR TERRITORY OF RESIDENCE FOR TAX PURPOSES _____ Country Code _____

3. Country of residence: the Country you declare as your Country of residence.

3 Declaration

The undersigned, without prejudice to compliance with the identification regulations referred to in section 2.4 of Royal Decree 1815/1991, 20 December, on financial transactions with foreign countries, declares, under his/her own responsibility, that he/she is a resident for tax purposes of the country or territory indicated above and is not permanently established in Spain demonstrating that he/she comes under the circumstances established in section 5 of Royal Legislative Decree 5/2004, 5 March approving the reformed text of the Non-Resident Income Tax Act, in order to accredit his/her condition of non-resident taxpayer.

This declaration is provided for the purposes of the provisions of section 10.2 of the Non-resident Income Tax Regulation approved by Royal Decree 1776/2004, 30 July, and will be valid exclusively in relation to profits from non-resident account referred to in section 14.1.f) of Royal Legislative Decree 5/2004, 5 March, approving the reformed text of the Non-Resident Income Tax Act, not providing exemption from other obligations deriving from Spanish State regulations.

Should there be changes in the details provided, a new declaration must be presented including any modifications.

4. Date and signature

4 Date and signature

At on of

REPRESENTATIVE Tax ID No. _____	Signature of the taxpayer or his/her representat _____
Surnames and name or company name: _____	_____

The information contained in this document is based upon Spanish legislation in force as of the 30th of October 2012, and does not preclude any changes to legislation that may affect the validity of the information provided in this document. This document is merely informative and is not to be construed as legal or financial advice and the company and its lawyers will not be held liable by the client for any damages incurred by the latter resulting actions

This declaration will be valid for two years unless there are changes in the details provided.
The Tax Administration may require the taxpayer to verify the details appearing in this declaration. Should they prove to be false, it may also hold him/her liable.

taken by the latter based upon the information provided in this document and actions should only be taken based upon personal advice after and individual study of personal particulars.