



Beckham Law: The DGT gives the green light to participation in foreign entities without a presence in Spain

The Special Tax Regime for Inpatriates, popularly known as the "Beckham Law," continues to be a very attractive regime in Spain. This regime allows individuals who acquire tax residence in Spain for professional reasons to be taxed under the Non-Resident Income Tax rules during the year of relocation and the five subsequent years, while maintaining their status as Personal Income Tax (IRPF) taxpayers.

To qualify for this regime, the following requirements must be met:

- Not having been a tax resident in Spain during the five tax periods prior to the relocation.
- Justifying that the relocation to Spain stems from a qualified professional reason, such as:
 - An employment contract (including remote workers).
 - The acquisition of the status of administrator of a Spanish company, with a limit of 25% of the shareholding only if it is an asset-holding entity.
 - The performance of an innovative entrepreneurial activity with a favorable report from ENISA.
 - The provision of services as a highly qualified professional to start-ups or in R&D&i activities.
- Not obtaining income through a permanent establishment in Spanish territory.

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This last requirement often raises doubts, especially when the taxpayer participates in foreign entities. Therefore, the recent binding ruling V1372-25 from the General Directorate of Taxes (DGT) is particularly relevant, as it analyzes the case of a taxpayer under the regime who is a partner in a Limited Liability Partnership (UKLLP) based in the United Kingdom.

The DGT concludes that when the foreign entity does not have material means, personnel, clients, or any activity in Spain, the income it attributes to its partner cannot be classified as obtained through a permanent establishment in Spanish territory. A permanent establishment requires a fixed base, an operational presence, or an agent acting on behalf of the entity in Spain, circumstances that are not present in this case.

Consequently, the attribution of income originating from a UKLLP without a presence in Spain does not jeopardize the application of the special regime. This criterion confirms that taxpayers under the Beckham Law can maintain holdings in foreign companies or entities and receive the corresponding income, provided that the activity of said entities is carried out entirely outside Spain and there is no element that could be configured as a permanent establishment in our country.

