



LEGAL FLASH | FINANCIAL AND TAX

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VOLUNTARY DISCLOSURE PROGRAM FOR PENSION INCOME
OBTAINED ABROAD

In the context of the tax reform, the Spanish government has proposed in the Personal Income Tax Bill (the "Bill") that the modifications to the Personal Income Tax Act will include a new voluntary disclosure regime through which Spanish tax residents can declare their non-declared foreign pension income, with no penalties or surcharges for late payments.

The Spanish government affirms in the preamble of the Bill that they are aware of Spanish tax residents (regardless of whether they are Spanish nationals) who did not include their foreign pension income in their tax returns. In line with the circumstances (they are usually old people who find it difficult to meet their tax obligations), a new, singular period would be opened for them to declare this income.

The special period would last six months, starting on January 1, 2015, and tax periods open to regularization would be 2010 to 2013, inclusive. As a general rule, previous years are already statute barred for Spanish tax purposes.

Under this voluntary disclosure regime, taxpayers would be able to file complementary tax returns for non-declared foreign pension income, and no penalties or surcharges would be imposed. In fact, penalties or surcharges already imposed for failure to declare pension income would be quashed.

If taxpayers file the voluntary disclosure for foreign pension income, they should include not only the pension income, but also any other income obtained during the taxable periods.

This measure, which forms part of the bills reforming the tax system, may be amended in parliament before the final law is published in the Official Gazette of the Spanish State.

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