



The Embassy have put together the following information regarding the taxation of **occupational or private UK pensions**:

- The UK and Spanish tax systems both take worldwide income into account.
- A Double Taxation Convention (DTC) between Spain and the UK came into force in 2014. This prevents income being taxed in both countries when a resident of one country has income arising from a source in the other country.
- In the case of some non-state pensions (e.g. UK government service pension), double taxation is avoided by allocating an exclusive right to tax to the paying state. So, for example, if a UK Government Service pension is paid to a Spanish resident it will be taxable only in the UK (there may be some exceptions if it is paid to a Spanish national, however).
- In calculating the applicable rate of income tax in Spain, the Spanish authorities take into account all the income received by a resident – regardless of whether the income itself is taxed in Spain.
- So, continuing the example above, a UK Government pension, exempt under the terms of the DTC, won't be taxed in Spain but it will be used to determine the tax rate which applies to income which is taxable in Spain. Details of the pension will therefore be required by the Spanish tax authorities. This is common practice in other States around the world.

Please note, this cannot be construed as official financial or tax advice. UK nationals with questions related to tax should always seek specialist advice from a qualified professional.