



REPORTING OVERSEAS ASSETS THE MODELO 720

The Modelo 720 was introduced in November 2012. The intention is that all fiscal residents of **Spain** report details of assets held overseas if they exceed certain values. No tax will be levied on these assets, BUT the records will be used and compared against income tax returns to ensure that income generated from these assets is being reported for example rental income, which is typically not reported. The return is submitted each year by the 31st March in respect of assets held at the 31st December of the previous year.

The assets are divided into three groups, Accounts, Investments and Property. If you have assets which exceed €50,000 in any of these groups, then you need to report them. If the assets are held in joint names, then each individual needs to submit a report and declare their share, e.g. 50%. If the assets are in foreign currency then they are converted at the rate of exchange on the 31st December. Note you only have to report the Groups in which your assets exceed the reporting limit. With regard to property the value is the purchase of the property, not the current value.

In subsequent years you are required to report the following changes: your assets have increased in value by €20,000 or more in any group previously declared. Note, this includes increases as a result in the change of exchange rate.

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Finally, the fines for non-reporting are quite draconian, although there have been no reports of actual fines being levied.

Non-presentation/ false information – fine of €5,000 for every piece of information with a minimum fine of €10,000.

Late presentation or incorrect information – fine of €100 for each piece of information with a minimum fine of €1,500.

By Philip Carroll.

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<https://www.facebook.com/groups/citizensinspain/>

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