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Are you resident in Spain or the UK for tax purposes?

THE RECENT UK Judicial Review decision in the case of Mr Gaines-Cooper casts doubt on the issue. Here's a brief outline of the law.

It comes as a surprise to many British citizens living in Spain that they may still be domiciled in the UK with regard to inheritance tax (IHT). This case involves the UK Revenue's position concerning non-resident tax status, however, and is a different point, although the test for each is similar and can have very broad implications. Mr Gaines-Cooper is a wealthy businessman, originally from the UK, who claimed to be non-resident in the UK for many years. He lives in the Seychelles and has spent less than 90 days in the UK during any year for the past 20 years. The UK Revenue deemed him to be tax resident in the UK, however, as he had kept his 'chief residence' in the UK and he now faces a whopping tax bill. The

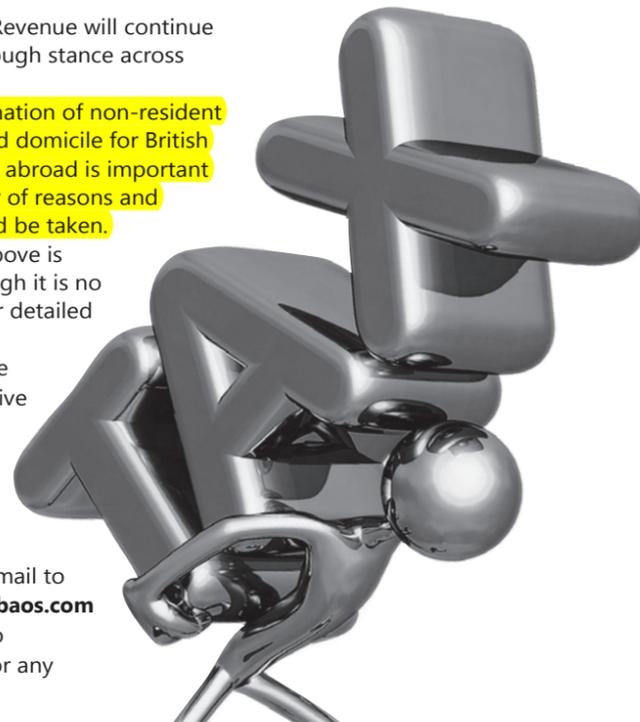
Judges in the Judicial Review hearing declared that the HMRC had used the correct interpretation of the UK's non-resident policy, known as 'IR20', and stated that England had remained 'the centre of gravity of his life and interests.'

The test applied is basically the ties and connections a person has maintained or developed with the UK. Many readers will have friends and family in the UK, a bank account there and possibly investments or Premium Bonds. Some will also have kept a property in the UK as well. For some people this could mean that they are considered by the UK Revenue to be resident in the UK for tax purposes, and domiciled in the UK for Inheritance tax purposes. All of this will seem incomprehensible to many. The fact that the UK is effectively insolvent in the eyes of some experts suggests

that the UK Revenue will continue to adopt a tough stance across the board.

The determination of non-resident tax status and domicile for British people living abroad is important for a number of reasons and advice should be taken.

I hope the above is useful although it is no substitute for detailed professional advice. Please feel free to give either myself or Carlos Baos a call on **966 426 185**, or send an email to **info@white-baos.com** if you wish to discuss this or any other issue.



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Spain in favour of EU membership for Turkey

PRIME MINISTER José Luis Rodríguez Zapatero has said that Spain will try to assist Turkey in its bid to become a member of the EU. Spain is currently President of the European Union and will use its position to open up further negotiations for Turkey. Zapatero made the announcement at a press conference

in Madrid last week, while Turkish Prime Minister Recep Tayyip Erdogan was present. Zapatero went on to say that Spain and Turkey share the same opinions on many issues and that Turkey plays an important role in relations between the Mediterranean and the Middle East.

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