



Is your Spanish property a ticking inheritance tax time bomb?

PPOTENTIALLY crippling tax bills could be faced by the beneficiaries of your Spanish estate, including your spouse. The harsh reality is that your legacy could become a financial burden that your loved ones simply can't pay off. If you are not a tax resident of the Canary Islands and you own property here then you are sitting on a ticking inheritance tax time bomb.

The facts about Spanish Inheritance tax (ISD).

- In Spain it is the beneficiaries of a will who are taxed, not the estate of the deceased.
- There is no dual taxation treaty on inheritance tax between Spain and the UK. This means that if you are UK domiciled and your worldwide estate totals more than £325,000 for an individual or £650,000 for a couple, tax will be paid on the same Spanish property in both

countries.

- If you and your beneficiaries are not tax residents of the Canary Islands then they will not be entitled to any resident's exemption from ISD. **This includes your spouse.**
- The assets bequeathed and any bank accounts held in the deceased's name (including joint accounts) will be frozen until all the beneficiaries have separately probated the estate and all taxes have been paid. This means that the property **cannot** be sold by the beneficiaries in order to meet the tax bill.
- Probate costs in Spain are around £5,000 per beneficiary.
- Any tax due must be paid within 6 months of the death or 15 days after probate is granted in order to avoid fines.

You CAN take a positive step.

There is a legal, straightforward way to avoid your beneficiaries paying ANY inheritance tax, legal fees or probate costs in Spain.

The objectives are to save death duties (ISD) and legal fees in Spain, make the property easier to deal with for the executors of the deceased's estate, and to retain the maximum value of the property for any beneficiaries.

· Create a UK registered company owned by you for the purpose of owning your property in Spain. Your shareholding is lodged with and noted in your Will in the UK.

· Your property is legally transferred from personal ownership into your UK Company ownership.

How does this help you?

- As the legal owner and director of the company you retain full control of the property at all times.
- The company can claim tax relief on all ownership expenses and even some directors' travel expenses to and from the UK.
- Any rental income will be taxed at the UK Corporation Tax rate – 3% less than the Income Tax rate in Spain – plus you can claim for ownership expenses. **Compared to what you should pay in Spain, this tax saving can be significant.**
- You can divide the company and its assets easily between beneficiaries.
- You can change existing ownership percentages with no additional Spanish transfer costs.
- If the property is your only Spanish asset then there is no longer a need for a Will in Spain or any Spanish probate or legal fees. Everything is dealt with in the UK, thus saving your beneficiaries a nightmare of Spanish officialdom.
- When one of the owners of the company dies the company is simply reorganised in line with your wishes for the shares and assets of the company. **This falls outside the scope of ISD because the company has not died.**

Can you afford not to find out more?

This is an opportunity to participate in an emerging and growing market introducing a concept that can only benefit and protect clients who are failed time and time again by both Spanish and UK professionals because they are often unable to advise on more than one jurisdiction. The website where you can find out more and register for a **free personal illustration** demonstrating the ISD liability of your beneficiaries can be found at www.winchamiht.com or contact Rachael Bayliss on (0034) 922 781 285 / (0034) 699 597 082 or e-mail: rachael.bayliss@winchamiht.com

Information has been supplied by Rachael Bayliss – the Spanish Inheritance Tax Consultant for Wincham Consultants Ltd in Tenerife.



Spanish Inheritance tax is very different than in the UK

For example, did you know that your spouse may not be exempt? They may have to pay Inheritance Tax on your share of the property. Also, your children may have to pay even more tax to inherit the property that you love and worked so hard to own. If they can't pay, they may never own the property and could lose it completely!

That's not how you imagined things for your loved ones, is it? We have the answer to your Inheritance Tax problems.

Wincham Consultants Limited, a UK registered company with offices in Spain & the United Kingdom, have developed a simple, cost effective solution to resolve these serious issues. Act now while this is on your mind and a solution is at hand! Within minutes we'll give you an illustration of your IHT liability and a simple legal solution to the problem... No cost, no obligation... Just a safe, intelligent method to protect your legacy.

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