



How Wincham helped save the family holiday home from the Spanish Tax Man

OUR CLIENTS were aware of the problem that would face their family upon their deaths and the fact that they may have to pay inheritance tax both in their country of domicile and in Spain. Spanish law dictates that the beneficiary of your estate must pay tax on the amount that they inherit. The level of tax payable is not a fixed rate and is determined by the relationship to the deceased, their residency status and their existing wealth in Spain. In addition the estate of the Deceased could be liable to pay inheritance tax in their country of domicile.

The married couple owned a holiday home in Spain in their joint names with an approximate value of €256,000. They each had children from previous relationships. We provided them with a free illustration which highlighted that the potential inheritance tax due to be paid by their beneficiaries would be in the region of €78,424. Beneficiaries are unable to sell or mortgage the property to find the tax payable. The tax has to be paid within 6 months before additional fines and interest are added to the sum, this would prevent the children from ever inheriting the property unless they were wealthy in their own right.

What are the options to minimise the liability? - The Wincham Solution

We assisted our clients to invest their Spanish property into their own UK Company (which was supplied by Wincham) of which they were the Directors and shareholders and had total control. Contrary to popular belief there was no 7% Property Transfer Tax payable on the transaction. Our method enabled them to utilise Spanish legislation to conveniently own and maintain their home within a corporate structure in the most tax efficient way. Although the use of an off shore Company creates an additional 3% tax burden each year a UK company is not classed as off shore and therefore UK companies are treated as Non Resident of Spain and as such cannot be discriminated against and are not required to pay the 3% Tax.

Client Satisfaction- What Mr and Mrs O had to say at the conclusion of their transaction

"My wife and I wanted to say how efficient, business-like and friendly we have found Wincham. We sought advice on the best way of holding our Spanish property principally with a view to protecting us from Spanish death taxes. Wincham

fully explained the steps that needed to be taken and also very clearly set out the costs. They implemented the plan keeping us informed at every stage and stuck to budget even when additional questions arose. Following completion we are pleased to have appointed Wincham in an on-going administrative role of our UK Limited Company." Certainly from our perspective you did a good job and it is very good to see some glowing accounts which say a lot about the business. We continue to be impressed!

Mr & Mrs O, Owners on the Costa de la Luz, Spain

Title Deeds Insurance - Wincham is one of only a few Legal Advisors able to offer this insurance in Spain.

All Clients who use our services to purchase or invest a property into a UK limited company will now be covered by Title Deed Insurance which affords cover for 20 years. The policy covers:

Demolition Order: Imagine that after several years a Demolition Order is placed on your house because it is shown that the associated building licence is illegal because it infringed land classification (Urban Planning Scheme) at the time of purchase.

Fraud: By virtue of article 34 of Spanish law "Ley Hipotecaria" you may lose your home in the event of fraudsters faking your identity and selling your house to a third party.

Compulsory Purchase: You discover your house is subject to a compulsory purchase order or proceedings which predated your purchase.

There are up to 20 other areas covered and a maximum of €360,000 compensation for the Insured.

If you would like to know more about our solution and receive your 'complimentary' Spanish Inheritance Tax illustration please visit www.winchamih.com or scan the QR code below. Alternatively contact one of our advisers on +44 (0)1260 299 700 (UK) or 0034 965 830 991 (Spain) for a free Consultation.



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