



Increasing **cost** of Car Hire in Spain

Many holiday homeowners and holidaymakers who have visited Spain this year

have been shocked by the rising cost of car hire. Many people are having trouble even locating a vehicle or are having to hire a higher category more expensive vehicle than they would have liked. Car hire companies are citing the fact that banks in Spain will not finance the cost of upgrading their fleets. The banking crisis has made its impact, limiting the choice of available vehicles and pushing up car hire pricing. Some companies are charging over 800 euros for a 2 week period, making a trip to Spain cost prohibitive for many people. Currently, if you plan to spend Christmas in Spain this year, a 2 week car hire will cost a minimum of 500 euros plus the fact that many companies have hidden extras such as "fully comprehensive insurance included." Don't be fooled by this some companies have a hefty excess, which can run into thousands! Insurance often doesn't include windscreens chips, tyre damage, including punctures or damage to roof or undercarriage. If you want to be covered

for excess this will cost you around 15-20 euros per day extra. There is usually extra to pay if you want to add another person to the policy, i.e., husband or wife. Another hidden surprise is a "collect with full fuel tank, return empty" policy. The problem with this is that many people won't be using a full tank and are being charged around 80 euros for a full tank on a basic model. This is way above the cost of filling up in Spain. One cost effective solution is to bring your UK car over to Spain and re-register it onto Spanish plates so that you always have a car available



when you or your friends and family come to visit. Lots of you have opted to do this this year with families and friends sharing the cost of the transfer. After all, if it means that they have the use of a car when visiting, most are more than happy to contribute. Many of you are put off by the paperwork issues involved, but if handled with expert assistance, this

can be done efficiently and quickly and often costs less than you would imagine. For a no obligation quote and advice on re-registering your UK vehicle please contact the Help and Advice Centre for Spanish Living or log onto www.helpcentrespain.com and fill in our on-line quote form. We offer a fully comprehensive service including changing headlights, mechanic and insurance. It costs nothing to ask!

If you have a question, comment or problem you need help with please contact us by:
Tel: 968 33 66 06 Email: everydayspain@rtnewsgroup.com
Web: www.helpcentrespain.com, Post: The Help & Advice Centre for Spanish Living, Tina Tait, C/ Francisco Franco No 4, Santiago De La Ribera, Murcia 30720 or write to rtn see page 2

Help & Advice Centre for Spanish Living

www.helpcentrespain.com

- Changing your UK car to Spanish plates: (All inclusive service, call us for a quote)
- NIE numbers
- Residency: Personal assistance and DIY residency kits (for all areas)
- Padron registration
- Social security registration
- Tax issues
- Driving licence exchange

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Are there any advantages in owning a property in Spain in your children's name?



This information has been provided by Mark Roach, Company Director and Spanish Tax Consultant.

I was recently asked by a client who was purchasing a property in Moraira whether she could place the property in her daughter's name to safeguard against Spanish Inheritance Tax (ISD). This is a suggestion I come across many times, given by Spanish lawyers and advisors, as a method to avoid paying Spanish ISD. In reality this is a popular misconception masquerading as a solution. This strategy does not remove ISD in Spain, and it may leave your children with a 40% tax bill to pay in the UK as well.

The reason behind the suggestion is based on the probability the parent will pass away before the children. If that does happen, the children will not pay ISD because they own the property already and are you prepared to take that risk? The alternative scenario is not uncommon and infinitely more problematical. If, heaven forbid, the children die before

the parent, the parent then has to pay ISD in Spain to inherit the property back – a property that was originally the parent's.

Another situation worth considering is one where the children do survive the parents but the son or daughter is involved in matrimonial or insolvency issues. This could put their part of the property (or the whole property) at risk. It is very important to remember that all property owners in Spain have to submit a self assessment tax declaration each year irrespective of whether they are resident in Spain or not. This is then a cost which the children have to pay each year and if there are multiple owners of the property then a declaration has to be completed by each person on the deeds. If you combine this with one of the scenarios above then life can suddenly become very complicated.

You must also consider the tax liability back in the UK. As a British Citizen you are taxed on your estate worldwide. If you purchase a property in Spain for (let's say) €200,000 and you place it in your children's name, then in effect you have given them €200,000 in cash to own the property. In the UK this is treated as a gift, and, given you have logged it with a professional in the UK (like an accountant or lawyer), then the €200,000 could be taxed in the UK at 40% if the parent does not survive more than 7 years after purchasing the property.

Anyone who owns a property in their children's name or jointly with them can in fact request it back. One guaranteed way you can do this without incurring a 7% Transfer Tax on the value of the property or possible Capital Gains Tax

(both in Spain) is to move the ownership of the property into a UK Limited company. For example, consider a family consisting of mother and father with 2 children, and each person in the family owning a 25% stake in the property.

Donating the property into the company and appointing the parents the shareholders of the company will give them complete ownership of the assets



again. Furthermore, if the children are over 16 years of age, they can be appointed directors of the company.

EU directives then apply, so once the property is owned by the UK Limited company, taxation in Spain is completely removed. It is much more advantageous then to control shares and assets in the company by drafting a UK Will covering your worldwide assets. In a marriage there is no IHT payable between husband and wife in the UK.



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