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Owners of holiday homes in Spain should be inheritance tax aware



Holiday home owners in Spain need to be aware of the country's inheritance tax (IHT) regulations. Investors wishing to avoid leaving financial problems, rather than property, to their heirs could consider gifting their home to a UK Private Trading Limited Company, an expert has suggested.

"Non-domiciled property owners in Spain are sitting on a ticking IHT time bomb," Mark Roach of Wincham Investments told Overseas Property Professional (OPP). "Most owners do not understand that their heirs and their estate may pay IHT in two jurisdictions; Spain and their country of domicile."

Unlike in the UK, where the actual estate is taxed, in Spain the individual inheritor is taxed, Roach continued. Owners of [holiday homes in Spain](#) may not realise this and it could leave the owner's beneficiaries faced with a tax bill that could cancel out the Spanish inheritance. Investors also need to be aware that **probate** costs will need to be paid in both countries too.

In order to avoid such a situation, Roach suggests **gifting** the property to a UK Private Trading Limited Company. "This method may eradicate all [taxes in Spain](#) in the future in respect of the property, as a UK company...is only taxed in one jurisdiction, the UK, and no taxes are payable onwardly in Spain."

Shares in the company could be dealt with in a UK will and may be exempt from IHT in the UK, Roach explained. Furthermore, certain expenses can all be **tax deductible** by the company. These include mortgage interest, council tax, water, electricity, repairs and maintenance.

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