

Wealth Protection International Limited

Estate, Asset and Income Stream Protection Strategies and Solutions

Information: Spanish Inheritance Tax and YOU.

The main thing you need to know about Spanish Inheritance Tax is that it is a completely different tax to the tax of the same name we know and love in the UK!

1. Unless you have made complex arrangements to remove your status as a UK Tax Domicile, whether you are resident in Spain full time or not, you are assessable for inheritance tax on your Spanish property in Spain and then again in the UK because as a UK Tax Domicile you are taxable on your worldwide estate in the UK regardless of your status of residency and regardless of whether you have paid tax elsewhere, double taxation treaties excepted.
2. The Spanish Tax is a tax on the individual, whereas in the UK it is a tax on the estate – this is why there can be no double tax treaty between Spain and the UK in respect of “Inheritance Tax” because they are different taxes altogether.
3. This may sound ridiculous but most UK solicitors are simply not aware of this, they just put a tick in the appropriate box to claim relief from UK inheritance tax when your UK estate is wound up because inheritance tax has been paid in Spain for your Spanish property, when in fact you there cannot possibly be any such double tax treaty. They are in fact unknowingly acting totally illegally!
4. There is NO tax free transfer on first death of any proportion of your Spanish property’s value to the survivor whereas in the UK the deceased’s assets can pass to the survivor tax free. In Spain a property is owned 50/50 between spouses by law; this means that on first death in Spain 50% of the asset value is taxed regardless. The tax becomes due on first death and in the meantime bank accounts are frozen until it is settled or a deferment agreed with the Spanish taxman – not very funny when you have just lost your spouse.
5. This poses a number of practical problems for the survivor not least that if they then need to sell the property for personal or practical reasons and the market is slow, they may well find that they are under a lot of pressure to settle the tax bill even though it is clear they do not have the means to do so.
6. In the UK we each have an allowance or “nil rate band” of £312,000 of asset value that cannot fall to inheritance taxation; for a couple’s estate this means no inheritance tax is chargeable until the estate’s assets exceed £624,000. In Spain the individual allowance is just €15,957. So if you have a property worth £624,000 then in the UK there would be no inheritance tax to pay but in Spain a property of the same value would attract a total of €161,570 inheritance tax assuming parity between the £ sterling and the Euro! Now that is some difference.

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7. Clearly then, Spanish inheritance Tax is a significant cost to the first death survivor as well as to the ultimate beneficiaries because it is they who are taxed directly on their inheritance.
8. In the UK the process of probate is quite civilised and may, quite irritatingly, take some considerable time to resolve. In Spain there are strict timescales involved; on last death all the tax accumulated from first death has to be paid within a set timescale. If there is no money in the pot to meet these costs or the beneficiaries don't have the money available to make the payment then a forced sale of the assets may result which will not necessarily raise the market value of the asset(s). Indeed it may not have been the owners' intentions to have the property sold at all but rather for their beneficiaries to inherit and enjoy it, unfortunately circumstances in respect of taxation will dictate otherwise.
9. To make matters even more complicated the rules do vary from region to region in Spain.
10. In any event Spanish inheritance tax is a big problem and people generally only realise this when it is too late to do anything about it.

Fortunately you will not have any of these problems because we are introducing you to the Wincham Spanish Inheritance Tax Scheme which also just happens to protect against Spanish Capital Gains Tax and Income Tax as well. It also removes any latent UK Inheritance Tax liability in respect of your Spanish asset and because of capital gains tax reliefs available in the UK will at worst significantly reduce this capital tax too if not remove it altogether.

Introducing: The Wincham Inheritance Tax Protection Strategy

- You *can* shield your children from Spanish Inheritance Tax by using a simple, legal tax shelter that means it remains in the family, free from burdens like Inheritance taxes, death duties and legal fees.
- You *can* build a solid wall of defence so that when the time comes, a simple declaration moves the ownership from you to your beneficiaries.

No taxes or lengthy Spanish Will probate, no Spanish and UK legal fees... **no forced sale.**

- You will maintain full control of your property at all times. You can rent it, sell it, raise funds on it, just the same as you can right now.
- You have the control to divide the property between beneficiaries in a much simpler format than normal Spanish Wills allow.
- You can even change the ownership percentages, without additional legal costs.
- Your new structure is a safe and effective way to transform a potential tax bill of 40%- 50% of your asset value, to just a few percent now, and a little in the future.
- You will be able to claim tax relief on all attributable expenses including Electricity, Rates, Repairs, Insurance, Community Fees, Bank and Mortgage Interest and travelling expenses to and from your property's location.

Exactly how is this Spanish Inheritance tax protection created?

- **By forming a UK Company:** The owner of the property forms a UK Limited Liability company, in which ownership of the property passes into the hands of the company. In this way when he or she passes away, the **company** will be reorganised, that means it will only be necessary to transfer some company shares, **an action which falls outside Spanish inheritance tax.**
- By transferring ownership of the property from you (your personal name) into a United Kingdom Limited company.

So, from the point of transfer **the company** owns the asset.

But

- As the legal company owner, **you** remain in full control of the company - and therefore the asset.
- You do not relinquish *any* control or decision making power regarding the property.

You stay in absolute control of the **shares** of that company, and you have the final say in who owns those shares.

Therefore - **Inheritance tax in Spain and the UK never becomes an issue.** Because on your death, ***the company*** still remains the owner of the asset, ***it's just the shares in the company that will change hands when the time comes.***

It's simple, isn't it? Well it's complicated to set up, so we use Spanish and UK Solicitors to do it.

And it's totally legal too!

There are clearly no messy loopholes involved, the mechanism makes use of Spanish, UK and EU legislation to ensure its integrity and is a method that has been used for many years by large firms of accountants throughout the world. Any citizen of any EU State, except the Spanish, owning property in Spain and therefore subject to their inheritance tax rules can use this method.

Who should do this?

- If you own property in Spain of any value, you should seriously consider restructuring your asset to protect it in the future whether you plan to sell it or not.
- If you are contemplating the purchase of a property in Spain then to do so through a Wincham arrangement will represent significant initial financial advantages as well as obvious future tax advantage.
- If you are selling a property in Spain then to do so through a Wincham Scheme will not only speed the sales process up but will also make your property more attractive to buyers as it will be cheaper for them to buy the property to start with and of course provides them with immediate built in tax advantage. It will also ensure that you will not be hindered by capital gains tax issues as well.

Let's take the case of a married couple with two children with a property in Spain worth €500,000.

- The total Spanish Inheritance Tax that such a property attracts is €116,624.
- Assuming they bought the property originally for €250,000, if it were sold then there would be an 18% Capital Gains Tax charge on the profit of €250,000 or €45,000 because there is no tax free sale of property allowance in Spain as we have on the family home in the UK.
- To make sure they get their pound of flesh the Spanish Tax authorities force a statutory retention of the proceeds of a property's sale of 3% of the sale Value, the balance is due within certain prescribed time scales.
- The purchaser of a resale property in Spain has to pay 7% purchase tax which in the case of our average example is a €35,000.

This then is a total tax burden associated with this property of €196,624 or 39% of its value.

The Wincham Scheme removes ALL these liabilities and replaces them with an implementation cost of £5,000 or 1% of the property's value and a maximum monthly running cost of about £65 to cover the preparation of annual returns and accounts in Spain and the UK.

Clearly then a property being sold through a Wincham arrangement will be a very attractive proposition since it will cost significantly less to purchase and sell and it comes with built in tax relief.

If you want to add more property to your Wincham Scheme then this can be done at a cost per property of just £500.

Interested?

You need more information and to be sure that this is a safe and legal way to protect what you have worked so hard to achieve, we understand that.

The first thing to do is request a free illustration, personalised to reflect your tax liabilities right now, and the benefits of restructuring under the Wincham plan. We'll have the figures worked out for you with no obligation.

If you decide to protect your asset in Spain using Wincham you'll receive a personalised service and all the practical and technical support to make it work for you and your family in the future.

If you require specific wealth protection consultancy advice in respect of your overall personal and/or business assets and income circumstances then we can provide this for you through one of our specialist consultants; this is an additional service and is not required as any condition to your use of the Wincham Spanish Inheritance Tax scheme.

But first of all [click here](#), fill in the form and your illustration in PDF form will be posted on your private part of our secure website for which you will have password controlled access. If you prefer to talk, then by all means call us on +44 2081 446677.

No hard sell, no obligation, we'll explain the risks of bad planning and the benefits of good planning, then you can decide if this is something you want to do. But please make a decision to act on today as time flies by and none of us *truly* knows what tomorrow will bring.