

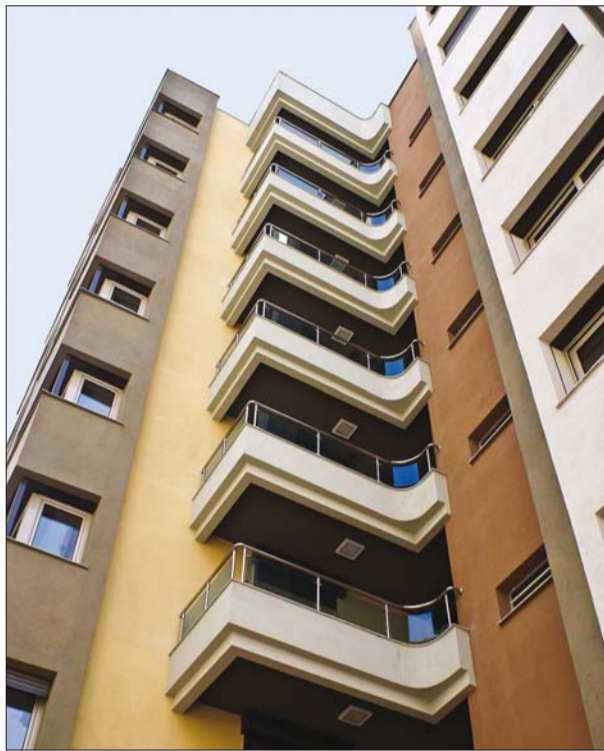


LegalMatters

□ By John Hatrick, Tenerife Solicitors

LEGAL QUESTIONS AND ANSWERS

Spanish Inheritance Tax



with a further expensive bill to unravel it. There are very limited circumstances where this scheme can work, for instance where the client has genuine business interests here or in the U.K. Alternatively, someone who is terminally ill with no time to make other arrangements may consider having nothing to lose by trying such a scheme. Each case has to be assessed on its individual merits and alternative routes/schemes may have to be considered as better alternatives. It is therefore important to take advice from a qualified solicitor or accountant, as the majority of companies offering this scheme are not qualified to provide legal advice.

It is interesting to note that no solicitors, accountants or gestores in Tenerife appear to be offering this scheme as a global inheritance tax solution.

For those whose circumstances do suit such a scheme, the legal costs should not dramatically exceed the typical legal costs of a regular property transaction. As an example, we recently put together a similar scheme for a client for approximately €3,000 plus taxes and disbursements.

For advice and assistance regarding your property and Inheritance Tax affairs, why leave matters to chance? Contact us today on 922 717845 (0871 218 0063 from the UK) or email us at info@tenerifesolicitors.com

Q: We are a British couple who own a property in Tenerife.

We have heard about a scheme offering to transfer our Tenerife apartment into a UK Limited company in order to avoid paying Spanish Inheritance Tax when we die. We have no business interests in Spain or Tenerife. Will such a scheme suit us and will the Spanish taxman accept it?

A: I have written at length about this topic on the various Tenerife Internet Forums.

For most property owners

who don't have other business interests and simply want to put their private Spanish property beyond the grasp of inheritance tax, the scheme can only work by hiding the true facts and status from the Spanish taxman. If they informed the taxman of the true circumstances, the property would be deemed to be 'personally owned'.

To make matters worse, most tax authorities are actively closing loophole schemes year upon year. This type of scheme could easily become expressly prohibited, leaving clients

Embracing Lisbon

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the European Union; TFEU) will receive further attention during the next six months as Spain holds the presidency of the Union until June, and has already included, as a priority, the strengthening of the position of these regions. The economy, recovery from the economic job crisis and job creation are, however, top of Prime Minister Zapatero's agenda, understandably so. The Islands, along with the other regions classified as ultra-peripheral, also make regular visits to

EU headquarters to press their cases and ensure their needs are met. Under the Lisbon Treaty the democratic rights of the citizens of all member states are further protected, and in particular there is a guarantee of the 'four freedoms' (The free movement of goods, capital, services and persons).

In particular, it guarantees the freedoms and principles set out in the Charter of Fundamental Rights and gives its provisions a binding legal force. It concerns

civil, political, economic and social rights. As small nations have shown in the past, there is much to be gained from membership of the Union, both in economic and social terms, and the advantages accorded to the ultra-peripheral regions are there for the taking. Given the current climate, coming, as we hopefully are, out of a major global recession, let's hope the regional authorities are able to take full advantage of those advantages and benefit all Union citizens living in these islands.

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