

# Are you like thousands of people living in Spain?

Do you need more income?

Has the cost of living gone up beyond your pension increase?

Has the exchange rate reduced your income?

Are you now paying 15% tax on your deposits with your bank?

Are you asset rich and cash poor?

Is most of your asset tied up in your property?

*Is this you?*

**Then ask yourself one question:**

**Question: How to generate a guaranteed income from your Spanish property?**

**Answer: Let it work for you...**

## Option 1 - Income Release

Everyone wants to have a decent standard of living in retirement. Until pensions actually come into force, a need for income is often the case, but for many it is becoming difficult. Often people own a property that has grown considerably in value and is probably mortgage free. For many of us our home is our major asset, and with pension income possibly not keeping pace with general living expenses, more and more people are looking at ways of releasing this locked up capital in their property. At Hamiltons we have a number of solutions to help homeowners in Spain. So let us help you improve your income and lifestyle while retaining ownership of the property, thus allowing the asset to pass to the next of kin.

- \* 5% guaranteed income per year of your property value.
- \* Mitigates Spanish Inheritance Tax
- \* Minimum property value 250,000 Euros

## Option 2 - Cash Back and Income Release

Over the years your home will have provided you with fond memories, comfort and security and now it is probably your greatest asset. This asset could provide you with your greatest opportunity, allowing you to unlock the money that is tied up in your home and ensure a more secure financial future. By releasing some of the value in your home, you could soon have a cash sum in your hands plus additional income, and increase your standard of living.

- \* Cash back facility of 10% of the property value
- \* Income of up to 40,000 per year
- \* Minimum property value 250,000 Euros
- \* Mitigates Spanish Inheritance Tax

## Option 3 - Cash Back

- \* Cash back facility of 15% of the property value
- \* Minimum property value 250,000 Euros
- \* Mitigates Spanish Inheritance Tax

death and taxes." Of course, what Mr. Ford failed to mention was that the latter doesn't end after the former! Look at it this way... If you don't want the tax man to be a major beneficiary, you need this information.

#### FACTS:

1. 41% of annual IHT contributions in the UK now come from people's homes
2. The average house price has risen exponentially in recent years and is set to double in value from £145,897 to £300,643 by 2020 (Housing Futures). This is why more of us are paying IHT than ever before.
3. Besides property, IHT contributions come from cash savings (26%), shares and securities (12%), and house hold effects, insurance and land holdings (21%)
4. IHT can also apply while you are alive, depending on what you give away and when, it's not hard to see why the Government is raking it in from IHT contributions.

#### The question YOU should be asking today is:

**"Why make the Government's pockets deeper, while robbing your own family of what they deserve and are entitled to?"**

Do you really want your entire 'material worth' to be taxed by nearly half on your death?

Do you:

- Care who inherits your assets and wealth?
- Want your family or chosen beneficiaries to benefit from your lifetime of hard work rather than the tax man?

If you answered yes to the above questions, you owe it to yourself to keep reading.

#### Hamiltons can:

- Help you to reduce your Inheritance Tax liability and give your family both peace of mind and more money
- Help you to plan for your future and your family's future
- Explain Inheritance Tax matters in a down-to-earth way, so you can make good, informed decisions about your home, savings, business and Will.

And, it's not just a case of giving property, assets or cash away to individuals before you die. If only it were as simple as that. Alas, there are many rules and exceptions within the realm of IHT. For example, by giving a £50,000 gift to your family shortly before your death, your family could pay £20,000 of that sum to the tax man, depending on a number of factors. Unless, of course, you are equipped with insider knowledge that will prevent this from happening.

## Get Your Hands On The Information The Tax Man Doesn't Want You To Know

You have an estate, I have an estate! It may not rival Buckingham Palace in stature, but the tax man will still come knocking at your door. You see, the tax man defines anything you own as your estate. And that includes property, business, investments, savings, vehicles, shares and property or businesses that you receive income from, regardless of owning them or not. That's a lot of taxing.

#### So What's The Secret To Protecting Inheritance?

It is possible to retain as much as 100% of your hard-earned wealth, even if your total material value is over the current £300,000 Nil Rate Band.

.... it starts with the way you approach matters!

What's up to you is how much you allow the tax man to take on your death

#### You have two choices:

1. Do nothing or very little in terms of IHT planning and make the tax man's life easier
2. Do something! Uncover the secrets of Inheritance Tax, save money and make your beneficiaries lives a lot easier

#### So, which is it going to be?

Choose now, because Mr. G. Reaper doesn't schedule an appointment.

Seriously though, you need to make sure the right people benefit from your lifetime of hard work. Anything less would be downright unfair. Unless you are a paid-up member of the Alistair Darling fanclub, we are sure you'd prefer the fruits of your labours to go to loved ones rather than the Chancellor.

#### The bottom line?

IHT affects EVERYONE, whether directly or indirectly. Just by knowing your IHT rights, and planning against any IHT wrongs, you will save money and headaches for those you are leaving behind. It simply makes good sense to get informed sooner than later.

If you are facing decisions about IHT, then talk to us.

- Whether to give your house to your children or to a Trust, and what kind of Trust?
- How much you are able to give to your children in your lifetime without paying tax
- How much you are liable to pay if you want to pass your business on
- How insurance policies can help you plan against IHT and whether you can avoid IHT altogether

**If you want a FREE NO OBLIGATION  
consultation then call us TODAY...**



This tax affects all property owners in Spain, not just residents!

# Spanish Inheritance Tax

Protecting your wife and your home!

The tax can be as high as 80%  
But can be **0%** if you talk to us.

Spanish Inheritance Tax does not work the same way as U.K. Inheritance Tax.

The fundamental difference between the above is that in the U.K. Inheritance Tax does not apply between spouses, however in Spain you are deemed to own the property on a 50-50 basis (assuming the property is registered in joint names) and that on the death of one of the spouses the surviving spouse inherits the 50% of the deceased spouse's share. It is at this point that Inheritance Tax can become an issue. *(This tax applies to residents as well as non residents)* All taxes must be paid within 6 months of the date of death.

## So what is this Tax?

The rules governing Spanish Inheritance Tax and Gift Tax are currently set out in Law 29/1987 of 18 December and in Royal Decree 1629/1991 of 8 November on the Impuesto Sobre Sucesiones y Donaciones (IHT). IHT is the Spanish equivalent of the UK's Inheritance Tax.

## Tax Rate

The table of inheritance tax, in the form of a progressive or sliding scale, starts at 7.65% and it goes up to 34%. Depending on the pre-existing wealth of each beneficiary and the group to which he/she belongs as above, the resulting tax can be in excess of 80%.

For those who are not resident in Spain for tax purposes, only property situated in Spain or rights capable of being exercised or enforced there are classified as pre-existing wealth.

## Value of the estate

The amount of tax payable by a beneficiary will depend on the net value of his/her share in the estate; i.e. the actual market value of the assets less deductible charges, debts and expenses. 3% of the net value of the estate is normally added to take into account personal chattels.

Accordingly, in contrast to the practice in the UK, Spanish inheritance tax is not calculated on the total value of the estate or property transferred but, rather, on the value of the share acquired by each beneficiary.

## Allowances

There are tax-free allowances available to certain beneficiaries.

|         |                                                                                                                                                                                                                                                                                                                                     |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| GROUP 1 | Comprises direct relatives. A direct relative is restricted to children and it includes legally adopted children, less than 21 years of age. There are tax-free allowances available in the case of inheritance of € 15,956.87, plus € 3,990.72 for each year by which the beneficiary is under 21, up to a maximum of € 47,858.59. |
| GROUP 2 | Comprises children over 21 and legally adopted children over 21, spouses, parents and grandparents and adoptive parents. There is a tax-free allowance of € 15,956.87.                                                                                                                                                              |
| GROUP 3 | Comprises of second and third degree relatives, uncles and aunts, nephews and nieces, cousins and stepparents and step-children. There is a tax-free allowance of € 7,993.46.                                                                                                                                                       |
| GROUP 4 | Comprises of other relatives and unrelated persons. Same sex partners fall in to this group. No allowances are given.                                                                                                                                                                                                               |

NB. Be aware that unmarried couples do not come under Group 1; but Group 3 and depending on existing wealth IHT can be in excess of 80%.

When the tax charge has been established by reference to the above group, a surcharge is then applied to it, based on the pre-existing wealth of the beneficiary, and their relationship to the deceased.

|                                                                                                             |                                                                                                            |                                                                                                             |                                                                                                             |
|-------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|
| PRE-EXISTING WEALTH OVER € 402,678.11                                                                       | PRE-EXISTING WEALTH FROM € 402,678.11 UP TO € 2,007,380.43                                                 | PRE-EXISTING WEALTH FROM € 2,007,380.43 UP TO € 4,020,770.98                                                | PRE-EXISTING WEALTH OVER € 4,020,770.98                                                                     |
| Groups 1 & 2 pay normal tax assessed, group 3 tax is increased by 59%, and group 4 tax is increased by 100% | Groups 1 & 2 tax is increased by 5%, group 3 tax is increased by 67%, and group 4 tax is increased by 110% | Groups 1 & 2 tax is increased by 10%, group 3 tax is increased by 75%, and group 4 tax is increased by 120% | Groups 1 & 2 tax is increased by 15%, group 3 tax is increased by 90%, and group 4 tax is increased by 130% |

As can be seen, the surcharge increases the more distant the relationship to the deceased is; unrelated wealthy beneficiaries have been known to pay a total rate in excess of 80% of the inherited asset's value.

| Tax Base up to Euros | Tax Payable | Remaining Tax Base (up to Euros) | Applicable Rate (%) |
|----------------------|-------------|----------------------------------|---------------------|
| 0                    |             | 7.993,46                         | 7.65                |
| 7.999,46             | 611,5       | 7.987,45                         | 7.65                |
| 15.980,91            | 1.290,43    | 7.987,45                         | 9.35                |
| 23.968,36            | 2.037,26    | 7.987,45                         | 11.05               |
| 31.955,81            | 2.851,98    | 7.987,45                         | 12.75               |
| 39.943,26            | 3.734,59    | 7.987,45                         | 14.45               |
| 47.930,72            | 4.685,10    | 7.987,45                         | 16.15               |
| 55.918,17            | 5.703,50    | 7.987,45                         | 17.85               |
| 63.905,62            | 6.789,79    | 7.987,45                         | 19.55               |
| 71.893,07            | 7.943,98    | 7.987,45                         | 21.25               |
| 79.880,52            | 9.166,06    | 39.877,15                        | 22.95               |
| 119.757,67           | 15.606,22   | 39.877,15                        | 24.65               |
| 159.634,83           | 23.063,25   | 79.754,30                        | 26.35               |
| 239.389,13           | 40.011,04   | 159.388,41                       | 28.05               |
| 398.777,54           | 80.655,08   | 398.777,54                       | 29.75               |
| 797.555,08           | 199.291,40  | and over                         | 31.45               |

## Time for payment

Inheritance Tax is normally paid when the documents relating to the estate are filed, by self-assessment.

Tax payment or tax declaration must be filed within 6 months from the date of death; otherwise, surcharges and interest for late payments may apply.



**Free consultation!**  
Find out how we can help you

## EQUITY / INCOME RELEASE

- If you require equity or a guaranteed income from your property;
- We can provide either or both of the above
  - We can mitigate Spanish Inheritance Tax (ISD)
  - Do not leave this problem to your partner / family

## IS YOUR BANK TAKING 15% TAX ON YOUR DEPOSITS

- We can offer fixed rates of 7% - 8% on capital
- Tax free growth on capital
- Capital growth without market risk

## IS YOUR PENSION FUND GOING NOWHERE?

- Will 6th April 2006, "A-Day" affect you? Chances are it will!
- Have you got frozen pensions in the UK?
  - Is the performance poor?
  - Are your pensions ready for an MOT?
  - Pension freedom is now available, talk to us to see how

## UK ASSETS

- Are your UK assets in trust?
- Have you protected your property against UK Inheritance Tax?
- If you are a company director have you protected it against corporation tax and capital gains?

## PERSONAL INVITATION FOR:

NAME: \_\_\_\_\_

TEL: \_\_\_\_\_

E-MAIL: \_\_\_\_\_

### A FREE CONSULTATION TO LEARN MORE

INVESTMENT ADVICE

☐

INCOME RELEASE:

☐

SPANISH IHT

☐

FIXED INTEREST

☐

CAPITAL GROWTH

☐

UK PENSIONS

☐

UK ASSET PROTECTION

☐

**For free no obligation advice e-m**

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