

SPANISH INHERITANCE TAX: HOW MUCH IS IT?

Where Spanish property, and generally, the estate of a person is transferred by inheritance, the Tax authorities charge a percentage on the tax base according to a sliding scale where different considerations are taken into account. The same scale is applicable to donations, which is important insofar as this tax could be applied to a purchase/sale contract where the Tax Authority deems that the parties have underdeclared the price of the property on a Public deed of conveyance or, in some cases, private purchase contract.

Donees and inheritors are divided into four categories, depending on the relationship with the deceased:

Tax is chargeable on inheritance by the spouse, children or any other party who receives any part of the deceased's estate in Spain.

- There is a tax-free allowance of 15,361.87 Euros when left to spouse, children, brothers and sisters. An additional exemption of 3,840.47 Euros is available for each year an inheritor is younger than 21 up to a maximum of 46,085.61 Euros where the inheritor is 13 years old.
- For uncles, cousins and nephews, the exemption is cut by half to 7,380.43 Euros and for more distant relatives or those not related there is no exemption.

Beneficiaries who are not family will be penalised under the Spanish law of succession and inheritance tax by applying multiplicands to the tax rate applicable.

The Tax rate applicable is then charged on a sliding scale:

Tax Band (Euros)	%
7,692.95	7.65
15,626.31	9.35
23,780.80	10.20
30,771.82	11.05
38,464.77	11.90
46,157.73	12.75
53,850.68	13.60
61,543.64	14.45
69,236.59	15.30
76,929.55	16.15
115,334.22	18.60
153,738.90	21.25
230,548.24	25.50
384,046.73	29.75
768,009.35 thereafter	34.00

It has to be noted that Spain does not recognise the concept of partners or common law spouse when applying inheritance tax.

Is a Spanish will necessary if I am a foreigner?

A Spanish will is not absolutely necessary although it is highly recommendable. The truth of the matter is that many people avoid drawing up such documents since death is not an issue at a certain period of life. However, any asset proprietor in Spain should arrange his post-death affairs in a neat way, inasmuch as the heirs would otherwise be involved in consuming and expensive legal procedures which would attract different legal jurisdictions. An experience not recommended by those who have experienced it.

Furthermore, so far nobody has died from drawing up a simple will.

If I have a foreign will?

A foreign will may cover your Spanish assets but again the procedure involves obtaining the probate of will in the jurisdiction of the will, legalisation, translation and a lot of legal assistance throughout the procedure that most certainly will amount to a prohibitive legal fees bill.

Where are Spanish wills registered?

A most widely used type of will is signed before a Notary Public, who keeps the original. A copy is then sent to a central registry of wills which is located in Madrid. This registry issues a certificate upon death of the testator with the contents of the will and is necessary in order to procure the transfer of the assets on to the inheritors.