

# ASEC NOTES

## \_The Asec Group

Life moves on as they say, and professional activities do not escape this maxim.

Asesoría Económica, S.C. our long standing partnership, which started its life early in 1980 has outgrow its current structure, and given the complexities of Professional life in Spain, we have decided to go the corporate route.

From the 1st January 2008 our current professional activities will be provided by the ASEC group of companies.

The vast majority of our current services (accounts, tax, business advisory, company management etc) will be provided by ASEC ASESORES, S.L.

Payroll, HR, benefits and expat services will be provided by ASEC PAYROLL SERVICES, S.L.

Audit and other types of assurance work will be performed by ASEC AUDITORIA Y CONSULTORIA, S.L.

Finally, but by no means least, we will be moving into the world of financial services. For this new and exciting area of activity we will be operating under the banner of ASEC SERVICIOS FINANCIEROS, S.L. Most of this work will be done by partnering with well known and established financial institutions and professional colleagues, with whom we have had relationships for many years. Barbara Jach, who has recently joined the group, will be managing this area of work. Barbara comes with much experience in the world of financial services, having worked in the private client departments of several first line banks. For further information, see Barbara's article on page 3.

For any inquiries regarding our new services and existing ones, contact Ana Ronco Dumas, our PR and marketing guru.

Best wishes to all our readers throughout the globe. 



**Juan Carlos Ronco Corsi**  
Managing Partner  
[jrc@asec.es](mailto:jrc@asec.es)

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# \_Changes

**Ana Ronco Dumas**  
*Public Relations & Marketing,*  
*The Asec Group*  
[ard@asec.es](mailto:ard@asec.es)

Along with all the corporate changes that our company is undertaking, come other alternations as well.


You must have already noticed one of the changes...Our magazine is now called "ASEC NOTES". It felt that our previous name did not identify us enough, so after brainstorming we have come up with a simple name that our readers can associate with our company. We intend to give you

news, that we consider interesting, and deliver every six months.

We have recently given a new light to our website too, by making it a little easier for you to understand who we are and how we can help you.

We have detailed our all our services, including the new ones so that a glance you know where we can be of service. It is a more vibrant web, with


interesting international news that shall be changed regularly and our preferred links.

There is a special addition to this web that I am sure will be of interest to all: a tax calendar with the important dates marked. So if one day you want to know when the next quarter is due, you simply have to click on [www.asec.es](http://www.asec.es) and scroll down to the bottom right hand corner, and voila! 



Finally you will be able to put a face to the accountant who does your bookkeeping, find the direct email address for our Audits team, or search an article that we published months ago. Feel free to visit it and if you feel that you would like to give us your feedback, please do so by sending me an email.

If you haven't visited us for a while, you will be surprised next time you walk into our head office. After a summer of refurbishment, we are pleased to say that we have increased the meeting areas, opened up the main body of the office and transformed our reception. We are certain that this refurbishment will make you more comfortable on your next visit.

In the meantime, I would like to wish our readers a very Merry Christmas and an even Happier New Year! 

# \_Getting the professional advice to improve your financial position



**Barbara Ewa Jach**  
**Manager Financial Services**  
**The Asec Group**  
[bjach@asec.es](mailto:bjach@asec.es)

It is a pleasure for us to inform you that we have set up a new Department offering Financial Services. The aim of this strategic decision is to be able to provide you the high quality service in the area of finance management and banking. Our specialists will help you to determine your investment profile, which will be based on your needs, possibilities and expectations. In collaboration with the best financial institutions, we will try to solve all your financial requirements offering a wide range of products and services such as:

- Agency Banking Services
- Investment Strategies
- Retirement Planning
- Cash Management
- Lending Services
- Mortgage and Finance Services
- Financial Planning and Advisory
- Services for individuals
- Wealth Management
- Insurance Services

The Financial Services Department of the Asec Group supplies banking and insurance services into a financial concept adapted for each individual customer. We develop individual customer-specific solutions by selecting from a diverse range of products and services offered by different banks, insurance companies and investment organisations.

## **Our Objectives**

The New Financial Services Department stands for the highest quality consulting across all segments and in every stage of our clients' lives. We want to gain your trust with the knowledge and independence which The Asec Group guarantees in all aspects of integrated financial solutions. We shall talk to you to discover how we can advise you on the best financial path to take.

## **Our Promise**

First of all The Asec Group provides clients with expert, complete advice in the area of financial services, with individually tailored financing concepts.

With our support you are able to reach your goals concerning health and old-age provision, insurance cover, financial investments or loans and mortgages. And the most important aspect - we collaborate with the most professional, carefully selected financial institutions. Your satisfaction from our financial service provided is OUR success. We recognise the importance of integrity, trust and high professional standards in addition to competency. Even if you already have a financial adviser, we are confident that thanks to our services you will gain information that will be useful for you in many aspects regarding your fiscal and financial position.

The topics which could be interesting for you to consult with our professional advisers are for example:

- *Inheritance Tax* - we can tell you how to protect your estates
- *Investments* - professional advisers will help you to invest your money and get a better benefit or at least will show you how to avoid those new lucrative investment opportunities advertised on local newspapers which offer you a great profit and some months later these same investments appear again as scandals. We provide specific, innovative, investment recommendations and hedging instruments for volatile markets
- *Active monitoring of your portfolio*
- *Innovative foreign exchange management*
- *Income Tax reduction* - we can teach you how to save your personal taxes
- *Mortgage with Equity Realise* - we will show you the opportunities which are available on the financial market
- *Structured Products* - we offer an extremely diverse range of structured products which is tailored to all clients with varying investment requirements:

We are conscious that the financial strategy should reflect your objectives, which are driven by many circumstances, which will change


with time and family commitments; that is why you need to consult your financial requirements with a professional adviser. We are dedicated to understanding your needs and in providing solid and reliable solutions.

Talk to us to find the best solution for your financial requirements. Decisions made today will have a direct impact on the options available to an individual later, so it is imperative that the right advice is received.

Financial service organisations are determined to achieve progressively more ambitious profit and growth targets against a background of sensitive risk, regulation and market pressure.

The financial market continues to evolve, increasing risk as products become more complex, organisations more disperse and the business environment ever more uncertain. All financial organizations are bombarding the client with their SUPER OFFERS. What should you choose? What is the right solution in your situation? We will find the answer on all your uncertainties providing you an independent financial service in collaboration with selected financial institutions. Some offers are attention-grabbing but we have to remember that always you have to be cautious and study with awareness all conditions of those products.

In this environment, our objective is very clear – the protection of our clients. We will try to provide you the best solution, turning the challenges into opportunities delivering more sustainable returns. The decision is in your hands - our professional advice can ensure that you make the financial decisions which work in your favour.

Should you be interested in any further information regarding financial services, please contact our Financial Services Department. 

# How will my affairs be looked after if I become incapable or I am no longer here?

**Andrew Eastwood LL.B (Hons)**  
 Managing Director, English Wills  
[andrew@english-wills.com](mailto:andrew@english-wills.com)  
 Tel: (0034) 649 779 704



OK, I appreciate that it's perhaps not the jolliest of topics! However, this article will at least provide you with the basis for answering the question:- how will my affairs in the UK and in Spain be looked after, in the event of a serious illness or following my death?

## Enduring Powers of Attorney

An Enduring Power of Attorney (EPA) is a formal document in which one person gives another person or persons authority to act on their behalf to manage his or her property and financial affairs. It is especially useful to have an EPA in place as a precautionary measure, prior to (but not necessarily anticipating!) suffering from any serious physical or mental incapacity, and /or where you have assets in one country but live in another. It is a wise arrangement to have in place, whatever your age, as without it, the inconvenience, delay and cost of dealing with your affairs in the unfortunate event of your incapacity, can be enormous. It should be thought of, perhaps, as a form of insurance.

Both in the UK and in Spain, there have been recent developments in the law and practice in this area. In Spain, the situation has been radically simplified during the course of 2007, in that it is now possible to make a Power of Attorney in respect of your Spanish assets before a Notary (in dual language-Spanish/ English, if preferred) which endures beyond severe physical or even mental incapacity. The process is straightforward and only the person granting the Power of Attorney need appear before the Notary. The person or persons being appointed as Attorney (representatives) do not need to appear before the Notary.

Conversely, in the UK (perhaps typically!) matters have unfortunately become more complicated in this area during 2007. With effect from 1 October, EPA's in respect of UK assets are replaced by Lasting Powers of Attorney. The principal purpose of this arrangement is unchanged. However

the procedure to put the arrangement in place in the UK is now less straightforward than under the previous regime, so professional assistance is recommended in all cases of making a Power of Attorney of this type, for UK assets.

An important and often overlooked point to note about Powers of Attorney (both English and Spanish) is that they cease to have effect upon the death of the person who granted the Power of Attorney. From that point onwards, the situation is regulated by the deceased's will. (Or if no will, then by the laws relating to intestacy).

## Wills

In UK wills, it is the custom to appoint executors, who are often (but not always) also the beneficiaries. The executors have the responsibility for administering your estate. The role of executor is quite distinct from the interest of the beneficiaries. The role of executor signifies responsibility but not (necessarily) benefit! Once executors have ensured that everything is in order with the estate and any debts, expenses and taxes have been discharged and paid, the executors are then responsible for the distribution of the estate to the beneficiaries.

In Spain, the concept of executorship also exists. However, Spanish wills often simply refer to beneficiaries' interests in the estate, such that the beneficiaries themselves have the responsibility to administer the estate. The beneficiaries therefore have to ensure that debts, expenses and taxes are discharged and paid; then finally, to distribute the estate assets or proceeds. Unsurprisingly, the process of administering a deceased's estate in Spain is quite a daunting task for the families of non-Spanish owners of properties here in Spain. An important part of the service English Wills offer therefore, is a full probate service in respect of Spanish assets. In effect, we take on the full burden of the responsibility for the

Spanish succession process from the beneficiaries, to ensure that everything is handled in a prompt, professional and thorough manner, on their behalf.

## General

English Wills offers a professional will writing and probate service for individuals with assets in the UK and / or Spain.

We work with our clients to ensure that:

- Assets in the UK and/ or Spain really do pass to the intended beneficiaries
- IHT/ Succession Tax is mitigated where legally possible
- Probate needn't be an expensive bureaucratic nightmare
- They can enjoy the peace of mind of knowing that their affairs will be left in good order

With extensive legal experience both in the UK and in Spain, English Wills considers each client's circumstances individually, both from UK and (if applicable) Spanish perspectives, ensuring that intentions are correctly documented and carried out in both countries.

We also provide general estate planning documentation, including Powers of Attorney in respect of both UK and Spanish assets.

We remain committed to the highest possible level of personal customer service and attention, and our prices are surprisingly competitive. We are happy to speak to any professionals or prospective clients directly, to provide more information on the range of services we offer, or simply to provide a quotation, without obligation.

English Wills now operates throughout Spain and the UK and can provide the documentation and personal attention which is necessary, wherever our clients are located. [A](#)



# \_A new Spanish law - will this spark a property revolution?

**José María de Lorenzo**

Partner, Irwin Mitchell

[JoseMaria.DeLorenzo@IrwinMitchell.com](mailto:JoseMaria.DeLorenzo@IrwinMitchell.com)

**irwinmitchell** <sup>IM</sup>

A new Spanish Land Law (Ley 8/2007 de 28 de Mayo de Suelo) came into force on the 1st July 2007 which is set to change the Spanish property market. This new law governs the Spanish land legal system, property valuation and people's rights and obligations in connection with their property.

## The objectives of the new law

- To provide sustainable urban development.
- To improve the transparency and efficiency of the Spanish real estate market.
- To make it easier for people to understand, and be involved in, planning decisions.
- To reduce opportunities for speculation and corruption.
- To protect the environment.

The law covers three main areas: The Land legal system; Property valuation; & the rights and duties of citizens.

### 1. Land legal system

Land in Spain is classified in two general categories: rustic (rural) and urbanised (urbanizado), and certain activities are only allowed on certain types of land. Under the new law, the use of each category of land is ruled in detail and includes a list of restricted and allowed activities.

The growth of cities is to be controlled and limited with a "bigger picture" view of planning requests and development activities being taken. This will help with protecting the environment which is emphasised in the new law and in some instances environmental reports will be required as part of the planning approval scheme.

### 2. Property valuations

The new Law includes comprehensive regulation on the land and property valuation system. It states the specific criteria that are to be used when valuing rustic and urbanised land and

expressly refers to how compensations will be calculated.

In essence, the law states that land will be valued on the basis of its real and current condition instead of considering its potential value if it were to be developed. This should reduce speculation and the fraudulent classification of land.

### 3. Citizens' rights & duties

Landowners will need to know and understand the Law as it expressly rules on the ownership rights and obligations in connection to their own properties. However the new Law also refers to rights and obligations of those who are not landowners but are still impacted by the new law.

## Rights and obligations

Land owners will have:

- The right to develop
- The right obtain public information on planning
- The duty to observe limits on rustic land
- To pay urbanisation costs

Non-Land owners will have:

- The right to a decent home
- The right to participate in urban planning proceedings
- A duty to preserve the environment
- The right to rational use of public estate

The law specifically refers to protected housing or social housing guarantees and state that a % of land should be reserved to help moderate the price of free housing and to make it easier for people to access free housing.

One of the main goals of the law is to increase the transparency of the planning process so building trust in the process. This is to be achieved, in part, by improving people's access to planning information for example planning schemes must now be on

the Town Hall's website; and schemes and urban agreements are subject to public notification. By making public the private activities and estate of local authorities, or identifying who will be the beneficiary of land re-classification, it is hoped that people's trust in the process will increase.

The law does impose more duties on Spanish local and public authorities in connection with social housing and planning schemes, and provides an opportunity to deal with the land/property political scenario more effectively. This does mean that the local and public authorities will be required to make increase their efforts in these areas.

However as with all laws in Spain, there are some critics. These mainly come from the building sector and speculate that the new guidance on valuation may mean that some owners of agricultural land wishing to sell land for development may lose out. They also predict that property prices may rise and speculate on the appearance of urbanising agents.

Even though the law was initially widely accepted as a positive move to address some of the public scandals of recent years and to improve people's trust in the planning system in Spain, there have been several Autonomous Communities which have already claimed that the law is not according to the Spanish Constitution in what regards the distribution of competences. In fact the regional government of Madrid, La Rioja and Canary Islands have already submitted claims at the Spanish Constitutional Court. [▲](#)



# Challenges and solutions for entrepreneurs, real estate investors, wealthy individuals and executives

## **Marc Veranneman**

*Credit Suisse Private Banking,  
marc.veranneman@credit-suisse.com*

## **Thorsten Düser**

*Credit Suisse Solution Partners,  
thorsten.dueser@credit-suisse.com*

Entrepreneurs, real estate investors, wealthy individuals and executives today operate in a complex global environment and are often involved in several companies, projects and entrepreneurial investments at the same time. Wealth, whether privately owned, invested in one's own company founded five or fifty years ago or in stock option plans of a corporate employer, should be looked at and maximized as a whole. This requires a relationship manager who has the expertise to understand all aspects of the client's wealth and has access to the relevant experts within the areas of private banking, investment banking, asset management as well as externally.

You think about selling your own company in a trade sale or IPO? You need growth financing for your company or your real estate project? You wish to create an investment fund to invest directly in hedge funds or real estate? Or, as a corporate executive, you want to diversify, hedge and monetize your stock program? At Credit Suisse, Private Banking relationship managers have direct access to a dedicated group of almost a hundred professionals called Solution Partners which now has six offices around the world (Zurich, Geneva, London, Dubai, Hong-Kong, Singapore) to support private banking clients worldwide in their own language in the fields of corporate finance, capital markets, private equity, asset management, legal and tax structuring.

How to add value for entrepreneurs in corporate finance transactions, e.g. company trade sale, mergers & acquisitions and fund raising

For an entrepreneur, his company is much more than just an asset. It is an integral part of his life and a major achievement including a lot of important relationships with employees, clients

and often other family members and friends. Entrepreneurs increasingly seek dedicated, professional financial advice in raising growth capital, finding strategic partners, preparing for an IPO and, designing and implementing the best succession solution.

The handover of a privately held company from one family generation to the next or to an external buyer (whether an industrial buyer, a private equity fund or a management buy-out team) requires careful planning, covering all financial, legal, business and personal aspects. This whole process often takes several years.

Credit Suisse Solution Partners acts as an advisor and sounding board of the entrepreneur, e.g. on how to plan his or her succession, how to inject growth capital into the company or how to structure a strategic partnership with another company. The team also provides its assistance with regard to the implementation. It has professional answers to questions such as "What is the best exit strategy? Selling the company to an industrial buyer or a financial investor, or conducting a Management Buy-Out or an IPO? How much discretion does the seller want? How much international coverage should the sales process have? What is the best timing? Should the business be sold at once, or is more value created by proceeding in steps? Should the balance sheet be restructured in preparation of the transaction? How does the entrepreneur deal with investors who approach him or her on an unsolicited basis?" Solution Partners' know-how, experience and access to Credit Suisse's international sector expertise and global network of investors are critical in finding a succession solution which will deliver the best value for all stakeholders. Typical transactions are illustrated in the following examples.

(i) A founder and CEO in his late forties with no family successors wanted to withdraw from his executive role in his company and cash in some of the value he created. Solution Partners helped him identify an industrial or private equity investor to take over

a 75% stake. The management was incentivised to stay on and the founder retained a non-executive board-of-director's role. This allowed him to spend more time with his family and at the same time to continue working in the company he shaped for so many years.

(ii) The owners of a fast growing engineering company were looking for growth capital to exploit the globalisation opportunities in the sector. By way of a private placement, Solution Partners found financial investors among Credit Suisse's private and institutional clients.

(iii) A family office wanted to sell one of their private companies in order to pursue other investment opportunities with higher returns. Solution Partners helped to recapitalise the company (thereby providing liquidity to the Family Office upfront) and to find a buyer for the company which was sold in a traditional two-stage auction process to the highest bidder.

(iv) An MBO team of eight that had successfully bought out the subsidiary of a large industrial company in Southern Europe and had tripled the business' value in three years since, asked Credit Suisse to support them in selling the company (thereby helping them to monetise their wealth). Solution Partners ran an auction process from which a top-name international private equity house emerged as the winner. Solution Partners also structured the escrow agreement under which certain warranties were secured for the seller and the buyer for a period of two years after the sale.

[How to add value for real estate investors/owner in the sale, financing and insurance of investments](#)

Real estate is an important asset class for entrepreneurs, executives and wealthy individuals today. The choice of investments has become larger and more global over the past ten years in step with political stabilisation and growth in the emerging markets. As a result, investments have also become more complex in terms of execution.

Solution Partners provides access to unique direct and indirect investments in real estate through its network among private and institutional owners and investors. In the case of indirect investments, clients are provided access to best-of-breed Private Equity funds that normally are only accessible to institutions or at a very high minimum commitment for individuals. With direct investments, clients look for innovative debt, mezzanine and equity financing solutions, either via the capital markets or from Credit Suisse's own balance sheet. In selected, exclusive cases Solution Partners also supports clients selling properties.

A good example of such real estate financing is the recent case of a client who was looking for an interesting investment opportunity and asked the Bank to identify an office building in a major European city. Such assets are rare. Once Solution Partners had identified an opportunity, it helped draw up a binding offer, arrange the financing from Credit Suisse's Investment Banking division and in parallel, conduct the usual due diligence.



#### [How to add value for wealthy individuals with wealth structuring, individually tailored vehicles and structures, such as private label funds](#)

Since situations and needs change over the years, wealthy individuals often need to streamline the legal structure of all the different assets they own in many different asset classes such as real estate, precious metals, companies, private equity funds and in several different countries. In addition, a businessman may need a tax-compliant and efficient structures within the EU for making new investments, acquiring new companies or forming a joint-venture. An entrepreneur or real estate developer might want to open up his investment idea to further investors and choose a legislation that improves the marketability of ideas. Another typical situation is the one of a large family, whose wealth might need to be re-organised in order to protect various interests and to take

into account different investment needs and strategies within the family.

A tailor-made private label fund provides valuable solutions to these challenges. A private label fund allows to enhance the structural efficiency, to individually adapt the vehicle to the nature and location of the underlying investment and to open investment ideas to external investors with full transparency. Furthermore, Solution Partners constantly monitors developments in key jurisdictions, analyses the structuring possibilities for specific client requests and implements solutions approved by the client and his legal and tax advisors.

An ultra-high net-worth client of Credit Suisse, for instance, had a private label fund set up in order to invest in real estate objects in Western Europe. The regulated and transparent structure with independent valuation of the real estate objects, independent calculation of the net asset value and a transparent cost structure enabled the client to open up his investment idea to friends and external investors. The newly created private label fund successfully invested the pooled liquidity in numerous real estate objects and the client received a management and performance fee, while the investors profited from the dividends and the capital gains of the fund shares.

Another example is a European family with more than 200 members held over 600 accounts with Credit Suisse and different assets in various countries. The head of the family wanted to re-organise the wealth in a more efficient and manageable manner. The implemented private label solution significantly reduced the number of accounts and allowed the family office a more efficient and centralised set up. The new strategic asset allocation reflects the overall risk/return profile of the family .

#### [How to add value for listed company executives with monetization or hedging of their personal company holding](#)

Executives increasingly receive a large part of their remuneration through stock and option plans. The plans represent a great concentration of financial risk, do not generate any income and are locked in over many years.

Tailor-made capital market solutions for the monetisation or hedging of equity or foreign exchange positions are another

area of expertise of Solution Partners. For clients, be they entrepreneurs or senior executives of large corporations, the maximisation of loan-to-value when leveraging single-stock positions or investment portfolios, including private-equity and hedge funds, can be achieved. With the help from sophisticated mathematical models and the Bank's Investment Banking division, the solutions proposed offer many essential benefits for clients: firstly, yield enhancement with increased cash flow from the concentrated position which provides little or no dividend income; secondly, value protection with reduced risk and protecting the value of the portfolio by providing capital protection; thirdly, liquidity creation with monetizing a substantial portion of the equity position by borrowing against the value of the hedging strategy or by selling short; fourthly, diversification with reduction of a concentrated risk in a portfolio, creating a more diversified portfolio, matching the client's risk/return preference; and finally, tax deferral, potentially postponing the recognition of capital gains tax.

A typical example is the one of the entrepreneur who successfully took her company public, and that of the corporate executive. On paper, both of them are wealthy. However, until they sell their position (which they may not be able to), they are not cash-rich. Solution Partners can offer a loan against this equity position and diversify an otherwise overly concentrated portfolio. The new investments are chosen so as not to correlate with the existing main equity position. Furthermore, capital protection is built-in and liquidity created so that cash is released for other needs.

Client needs drive the business, which means that increasingly, timely, tailor-made, and innovative solutions are required. Financial service providers need to be able to manage, optimize and protect the client's private and corporate assets in the best possible way. In order to achieve the best solution, the entire know-how and resources available at Credit Suisse are leveraged, while always retaining the option to turn to experienced third-party providers if it is in the best interest of the client.

ASEC is a key partner for Credit Suisse for tax, legal and accounting expertise. Together we can offer to clients a powerful service package. [▲](#)



# Tax advantages for annuities

**Maria Jose Lima Cabello**  
Partner, The Asec Group  
mjlc@asec.es

The concept of an annuity consists in handing over a lump sum of money to an insurance company, and then it is distributed back to the individual in various ways. The settlement can be monthly, quarterly or in the time frame that is established between the individual and the insurance company; and the amount of money received will be a percentage refunded of the original sum plus interests.

The essence of the life annuity is that it is a guaranteed pension for the rest of the individual's life. And then there is the Temporary annuity, which is the same concept but the settlements are not extended to the life end of the individual.

Hence not all the amount received as annuity is subject to Spanish taxation. The calculations of the income tax are compounded by the result of applying a percentage to the annuity received. Depending on whether it is a life annuity then the corresponding percentage is detailed in table number 1 or whether it is a temporary annuity, then table number 2 needs to be used. [▲](#)



## LIFE ANNUITY (table number 1)

Taxpayer's age when the annuity was set up	Percentage applied to the annuity received
Under 40	40%
Between 40 and 49	35%
Between 50 and 59	28%
Between 60 and 65	24%
Between 66 and 69	20%
Over 70	8%

## TEMPORARY ANNUITY (table number 2)

Annuity duration period	Percentage applied to the annuity received
For a period of time equal or under 5 years	12%
For a period over 5 years and equal or under 10 years	16%
For a period over 10 years and equal or under 15 years	20%
For a period over 15 years	25%

As from January 2007 annuities have a very beneficial tax rate (18%); because up to December 2006 annuities and pensions were taxed from 15% to 45%. However from January 2.007 the change of legislation has favoured annuities with a better fiscal treatment than pensions.

For this reason, it is advisable to check with your insurance company if the product that you receive is an annuity and not a pension. It is important to obtain each year a certificate from the insurance company in which it should be clarified whether the product is an annuity or pension in question. [▲](#)



# Are you eligible for a UK state pension?

**Tim Rainsford**  
The Fry Group  
[www.thefrygroup.co.uk](http://www.thefrygroup.co.uk)

Many of us have diligently paid into pension schemes over the years in order to adequately plan for a comfortable retirement. Yet the UK state pension may still prove an effective way of planning for retirement following recent reforms. Tim Rainsford of The Fry Group looks at what the changes mean, and the importance of making adequate plans for retirement.

The UK state pension system has finally been reformed, with Royal Assent of the Pensions Act 2007 announced on 26th July 2007. The net result of this is a radical shake up of a system which had previously been criticised as being unfair given the increase in life expectancy rates and decrease in pension saving. For example, research by the Institute and Faculty of Actuaries, made on 11th July 2007, advises that life expectancy trends are rising much more sharply than previously thought

and a man born in 1950 who lives to 65 will on average reach the age of 90. The UK Government has therefore intervened to restructure the state pension system.


The main changes which the Act heralds are:

- From 6th April 2010, the number of years' contributions required for people to qualify for a full basic state pension will be cut to 30. The current requirement is 39 years for women and 44 for men.
- State pension age for women will increase to 65 so that it will be the same for both men and women by 2020. This change will be phased in from 2010.
- The Act provides for the State Pension age for both men and women to rise from 65 to 68 in stages between 2024 and 2046.

- The state pension will be linked to earnings rather than prices. This means it will rise more quickly each year than it does now.
- Any number of qualifying years will give entitlement to at least some basic state pension

The reforms have been welcomed, particularly by women and carers who, from 2010, will not be penalised if they have taken time out from working to raise a family or care for a relative. For British expatriates the reduction in the number of qualifying years means that the state pension does provide a very cost-effective means of saving for retirement.

An important point to note, if you reach state pension age on or after 6th April 2010, is that you may be entitled to a refund if you paid voluntary contributions on or after 25th May 2006 but before the 26th July 2007. For more information about the changes, and to find out if you are eligible for a refund please visit the Pensions Service website at [www.thepensionservice.gov.uk](http://www.thepensionservice.gov.uk).

It is important to ensure that you have an adequate retirement fund in place, as these changes, although positive, still do not guarantee that the state pension will cover your lifestyle requirements during your retirement. 



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## Tax regime for relocated employees

*Maria Jose Lima Cabello*  
Partner, The Asec Group  
[mjlc@asec.es](mailto:mjlc@asec.es)

The Spanish Government has set a special fiscal regime for workers who have applied for their fiscal residence in Spain, as a consequence of their relocation to this country. These workers can opt for paying taxes under the non-residents rules (tax rate 24%).

Residents are taxed at rates between 24% and 43%, therefore, the displaced persons who acquired the fiscal residence in Spain and whose income, is taxed at a superior tax rate at more than 24% could benefit from this situation under non-residents rules; although before taking any decision they should value, as a whole, the fiscal implications which this special regime entails.

The following requirements need to be complied in order to be able to apply the special regime:

- Not to be resident in Spain during the last 10 years prior to their relocation.
- The move to Spain must be as a result of a work assignment.
- The work entailed must be carried out in Spain, for and in benefit of a company located in Spain.

The employees will have to submit a communication to the Spanish Tax office for the application of the special regime as per the rules legally established and a certificate will be produced by the Spanish Tax office.

Should you feel that this is your case, or would like further information, please do not hesitate to contact us. [▲](#)



## Data Protection

*Michael Triay*  
[mtriay@3bgrupo.com](mailto:mtriay@3bgrupo.com)

Protecting your data, is protecting your business.

Have you ever thought about what would happen if you lost all the information that is stored in your company's server? When we have asked this question to several people, the answer has been that they would lose their business.

The French "Commerce and Industry Department" has carried out a survey which states that 70% of small to medium sized companies that have suffered data loss, have felt obliged to shut down activity for a whole year after the disaster.

On the other hand, there are very few businesses that are aware of the risk they take by not having a data protection plan in place.

Protecting business is a strong enough reason for people to secure their data, but it is not the only one. Not taking

these measures is especially important in those activities that compile data for others, as are most of the service sector companies.

The Data Protection Law enforces, in the best of cases, to "guarantee the reconstruction of the data at the time of its loss" and in the worst, "to make back up copies and procedures to follow in order to recuperate data from another location", meaning that the Law obliges to make back up copies and store them away from the office facilities.



It is important to know the risks that data loss can entail: failures in the system, human errors, viruses, hackers, etc. Even when back up is carried out regularly, there is also the risk of a fire, robbery or flooding due to failure in the property.

In Spain there is not enough awareness about the importance of maintaining data protected. It's common to think that information should only be stored in listed companies, because of the amount of data they generate. But any lawyer, doctor or entrepreneur (needless of the volume of business) should protect data as much as the larger companies.

The data protection regulations affect all entrepreneurs, as they handle information for others, and this must be protected with maximum security. [▲](#)

# \_Bridgehead (Europe) Limited tours the US



## **Suzi Schmalbach**

*Vice President of Business*

*Development, Bridgehead Europe*

[suzi.schmalbach@bridgeheadeurope.com](mailto:suzi.schmalbach@bridgeheadeurope.com)

From September through November representatives from Bridgehead (Europe) Limited will be touring the United States to speak with business owners, Human Resource professionals, and representatives from various international government agencies to discuss doing business in Europe. The programs that the company is involved with are Demystifying the European Union: 1 Nation, 27 Countries and Managing your UK HR from the US: Essential Tips and Strategies.

### **Demystifying the European Union: 1 Nation, 27 Countries**

The EU is 50 years old, yet it still remains a mystery to many Americans, including those who are interested in developing business and academic relationships within the EU. This program provides a forum for participants to advance their understanding of the issues around doing business and establishing and fostering broader relationships within

the EU. The program also incorporates interactive panels and individual segments, with participants who are international trade and development experts from the old, new and non parts of the EU.


This program was conducted in Atlanta, GA in September as well as Memphis, TN in October. Suzi Schmalbach, Vice President of Business Development for BEL participated in the program by presenting a session titled Soft Landing in Europe. In the presentation, Suzi discussed how a US company can make a "soft landing" when opening an operation or moving employees to Europe. They key lesson rings true across all businesses and all industries – get the people issues right and you will have a soft landing in Europe. When expanding into new markets the people on the ground will be the company's greatest asset; therefore, taking care of those people will be an essential part of the success of the venture.

### **Managing your UK HR from the US: Essential Tips and Strategies**

Expanding globally involves managing international employees. The UK draws many US companies setting up operations or expanding existing ones because of its commonality of language, similar business practices and supportive environment for foreign owned business. Even though this program focuses on the UK, it is a good primer for HR executives in companies of all sizes to explore best practices in employee management abroad.

The program, conducted in November, was presented in Boston, MA, New York, NY, and Washington, DC. Richard Alexander, Chairman of BEL, presented a session titled People Management Abroad - Different Countries, Different Cultures - One Business and Suzi Schmalbach presented a session titled From the HR Leader's Desk Lessons learned from real world experiences taking US companies to the UK. Both sessions gave the attendees real-world examples of what is needed to take their business to another country. Richard and Suzi both discussed their experiences in helping US companies open a new operation the UK as well as other countries.

This program was sponsored by the UK Trade and Investment offices in each city. Together with a partner from the law firm Wilmer Hale from London, Richard and Suzi gave all of the attendees an overview of the important aspects of taking a business to another country.

For more information on these and other programs sponsored by BEL contact Suzi Schmalbach, Vice President of Business Development, at [suzi.schmalbach@bridgeheadeurope.com](mailto:suzi.schmalbach@bridgeheadeurope.com). 





**HEAD OFFICE**  
 C/Lagasca, 79  
 San Pedro de Alcántara  
 29670 Málaga  
 Tel: 0034 902 995 993  
 Fax: 0034 952 78 56 44  
 info@asec.es  
 www.asec.es

**BRANCH OFFICE**  
 C/José Ortega y Gasset  
 34-1º-B  
 29670 Málaga  
 Tel.: 0034 902 99 53 50  
 Fax: 0034 915 778 607  
 info@asec.es  
 www.asec.es

# Tax Tables 2007

## Income Tax

Taxable Base Up to Euros	Tax Due Euros	Remaining Taxable Base Up to Euros	Rate Applicable %
0	0	17.360	24
17.360	4.166,40	15.00	28
32.360	8.366,40	20.000	37
52.360	15.766,40	Onwards	43

## Wealth Tax

Taxable Base Up to Euros	Tax Due Euros	Remaining Taxable Base Up to Euros	Rate Applicable %
0	0	167.129,45	0,2
167.129,45	334,26	167.123,43	0,3
334.252,88	835,63	334.246,87	0,5
668.499,75	2.506,86	668.499,76	0,9
1.336.999,51	8.523,86	1.336.999,50	1,3
2.673.999,01	25.904,35	2.673.999,02	1,7
5.347.998,03	71.362,33	5.347.998,03	2,1
10.695.996,06	183.670,29	Onwards	2,5

## Inheritance Tax

Taxable Base Up to Euros	Tax Due Euros	Remaining Taxable Base Up to Euros	Rate Applicable %
0	0	7.993,46	7,65
7.993,46	611,50	7.987,45	8,50
15.980,91	1.290,43	7.987,45	9,35
23.968,36	2.037,26	7.987,45	10,20
31.955,81	2.851,98	7.987,45	11,05
39.943,26	3.734,59	7.987,45	11,90
47.930,72	4.685,10	7.987,45	12,75
55.918,17	5.703,50	7.987,45	13,60
63.905,62	6.789,78	7.987,45	14,45
71.893,07	7.943,98	7.987,45	15,30
79.880,52	9.166,06	39.877,15	16,15
119.757,67	15.606,22	39.877,16	18,70
159.634,83	23.063,25	79.754,30	21,25
239.389,13	40.011,04	159.388,41	25,50
398.777,54	80.655,08	398.777,54	29,74
797.555,08	199.291,40	Onwards	34,00

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