

ADVANCE

_2006 a year of change

2005 was the 25th anniversary of the founding of this practice as many of you know. After such a momentous event we decided that 2006 should be the start of a new era for our practice, and we have embarked on two important new projects which are aimed at providing a wider service to our clients in Madrid, and in enhancing our contacts in the United Kingdom.

Our first objective has been achieved with the opening of our branch office in Madrid, from where we can offer a wide spectrum of services to existing and future business clients. This office is operational as from the 1 May and we are delighted to see that existing clients are already using this point of contact.

On the UK front we are delighted to announce that as from the 1 April we have appointed a representative in London who will be acting as our liaison person in UK. Alan Gibson FCA, is no stranger to some of you, as he was managing partner of Winters, Chartered Accountants, London, and in addition is a past president of the UK200 Group. Alan will no doubt make a significant contribution to our development and has written a short article for this edition of Advance.

Contact details for both offices are available on our website and on the back page of this newsletter.

Advance, our regular in-house news update, also suffers a facelift as from this issue, we hope you like the revamped presentation. This combined with our new look logo, and the shortened version of our firm's name (ASEC) are measures designed to make our contact with clients and associates easier for everyone.

Finally we are also extremely pleased to announce that our revamped website (www.asec.es) is operational as from the 1 May. Please note that our previous site and related e-mail addresses (www.asesecon.com) is no longer operational although e-mails will be redirected automatically.

Best wishes



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Spanish Tax update

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The Spanish government has recently produced a draft legislation which seeks to carry out major changes to tax laws. Whilst some of these changes are indeed welcome, others do create potentially increased liabilities. It is expected that these changes will be debated by parliament during the coming months, and that the final version of the law will be approved by the end of the summer. In such a case the law will take effect from the 1 January 2007. In view of the importance of the proposed changes, and in an effort to keep clients and professional colleagues up to date, we have prepared the following notes. As soon as the final regulations are approved we will update you.

Non resident individuals with property investments in Spain

_Capital gains will be taxed at 18%. (Previously 35%).

_Withholding taxes on the sale of property is reduced to 3% (Previously 5%). NOTE: This is a payment on account of CGT.

_The withholding tax will not be applied

for properties acquired before 1986, provided they have not suffered improvements.

_Accelerated Capital Allowances of 11,11% p.a. for properties acquired prior to 1994, will continue to apply only for the period to 20.01.06.

_Rental will be taxed at 24% on the gross amount received (Previously 25%).

_Dividend income and interest at 18% (Previously 15%). Unless the taxpayer is resident in a DTTC.

Resident individuals

_Personal allowance to be applied :
 For joint declaration..... 8.450€
 For separate declaration..... 5.050€

_Children allowances:
 For the 1st one ... 1.800€
 For the 2nd one ... 2.000€
 For the 3rd one ... 2.700€
 For the 4th and rest ... 2.800€
 _The lower rate is raised to 24%, and the highest lowered to 43%. (See table below).

_All Capital gains are charged at 18%, irrespective of the period of ownership.

_Dividends are taxed at 18%. (The first

1.000€ are exempted)

Property holding companies

The special regimen for property holding companies will effectively disappear (15% beneficial rate on the sale of property held for more 1 year from its acquisition).

Company tax


Corporation tax will be gradually reduced at a rate of 1% per year up to a total of 5 points. This effectively means that the general rate of 35% will come down to 30%, and the small company rate of 30% to 25%.

Non resident companies

_Such companies with properties in Spain will be taxed at 18% (Previously 35%) on the gain.

_The rate of withholding tax on the sale will be reduced to 3% (Previously 5%).

_Rental will be taxed at 24% on the gross amount received (Previously 25%).

_Dividend and interest will be taxed at 18% (previously 15%). Unless the taxpayer could apply for a DTTC or CEE directive. 

Taxable base up to euros	Tax due euros	Remaining taxable base up to euros	Rate applicable
0	0	17.360	24
17.360	4166,4	15.000	28
32.360	8366,4	20.000	37
52.360	15766,4	Onwards	43



_The UK Spain Connection

It is ironic that the more personal freedom we are given the greater is the increase in legislative regulation and the need to prove compliance.

Having obtained my UK qualification for both accounting and taxation in 1965 I have been closely involved in giving practical application to new regulations governing financial services, audit registration, insolvency services, taxation and most recently money laundering compliance.

In the early 1970's the UK took two bold decisions that made us focus on Europe. In February 1971 we decimalized our currency and in April 1973 joined the European Economic Community (Common Market) and were obliged to introduce Value Added Tax, the first general sales we had known.

Spain has subsequently not only followed our steps by joining the Common Market but has also willingly signed up to the

European Monetary Union.

Approximately one third of each EEC member's sales tax revenue goes to fund the Community's budget and there is now growing influence on national legislation from Central European Government.

The freedom to travel, work and most importantly to buy property within the EEC means we need to have access to trusted professional contacts to ensure full understanding of local law and know how to comply.

Asesoría Económica, as members of the Spanish Institute of Auditors, the Association of Tax advisors and with 25 years of experience in advising clients, both Spanish and foreign, on business and taxation matters are ideally placed to assist their international associates and particularly British contacts to extend their footholds in Spanish territory. For those of you who already know the Practice their bilingual competence is a

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huge bonus for swift and efficient communication.

Whilst Spain's land mass is five times greater than the UK its population is only two thirds. There continue to be many opportunities to exploit in this vibrant marketplace.

_Mix Business with pleasure

One Lamborghini costs 230,000 euros to buy new, loses 45,000 euros a year in value, costs 5,000 euros a year to insure and 5,000 euros a year to service.

One Sunseeker Manhattan 64 costs 2 million euros to buy new, loses 200,000 euros a year in value, costs 15,000 euros a year to insure and 15,000 euros a year to service. Not to mention moorings. There has to be a more cost effective way of participating in an elite lifestyle, there is, Revo250. From as little as 15,000 euros a year you can have your pick of Revo250's fleet of cars and yachts and the only thing you'll have to worry about is enjoying yourself.

Revo250 is an all-encompassing private members' club with bases in some of the world's most glamorous locations from Monaco to Marbella. The concept allows for a maximum of 250 members per destination (hence the name) and the use of Revo250's 'toys' via a three-tiered annual subscription that awards you points. Points are offset against usage in whichever Revo250 location you happen to be. The Revo250 world is your world. Chairman, John Llewellyn explains, "Revo250 is about so much

more than simply the best supercars, yachts and events in the world. It's about leading the ultimate lifestyle, but without any of the tiresome details. Revo250 will handle all those 'details' on your behalf from the initial capital outlay to the moorings and insurance."

Revo250 is carefully structured to suit many different types of people, there is really no such thing as a 'typical' Revo250 member. Maybe you're a thrill seeker who adores supercars, yachts and wants to live the high life but simply cannot afford to buy a Lamborghini. Perhaps you already own a Bentley and a Sunseeker but can't practically transport them around the world with you at all times. Maybe you've ordered the latest Ferrari but have to wait three years for delivery and fancy road testing the car via Revo250 while you wait. Or, perhaps Revo250 will form part of your corporate marketing strategy. Champagne on board a luxurious yacht or an airport pick-up in an Aston Martin DB9 Volante are both innovative ways of entertaining clients, rewarding staff or sealing a vital deal.

It may come as some surprise to hear



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that several Revo250 members never dip into their points, never book a car and never step on board a Revo250 yacht.

For some Revo250 membership is all about the events. The Club has a healthy events calendar ranging from the 'money can't buy' to the 'let's just do lunch'. Every week, somewhere in the Revo250 world, like-minded members are getting together to have fun and share experiences. 'Money can't buys' include a great view of the Monaco Grand Prix from the hospitality suite's rooftop terrace, soaking up the atmosphere of the Cannes Film Festival from Nikki Beach, nipping to Corsica for the day on-board a Mangusta 92 or zipping around the private track at Race Resort Ascari in southern Spain.

A luxurious lifestyle arranged by someone else, can it get any better? Revo250, live the dream...

Appealing a 35% capital gains Tax Assessment by a non-resident

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Capital gain obtained by non-residents in a property sale

Any capital gain obtained by non-residents in relation to a property sale in Spain are currently taxed in Spain at 35%. Spanish residents are taxed at a rate of 15% if the asset has been held for at least one year. Obviously this means that non-residents suffer a much higher taxation than residents at the time of selling their properties.

On the 10th March 2006, the Council of Ministers approved a bill for reforming Income Tax generally, where a modification on the Income Tax for non-residents is included. In fact, at the time this regulation comes into force (probably on the 1st January 2007), the rate applied

on the capital gain tax obtained by non-residents without a permanent establishment in Spain will be the 18%. The purchaser will be obliged to retain 3%, on account. Nevertheless, this tax obligation disappears when the holder is an individual and the property has been part of his/her assets for more than ten years before the 31st December 1996 and during that period it has suffered no improvements.

However, until the bill becomes Law, the capital gains tax applicable to non-residents without a permanent establishment in Spain will continue to be 35%.

The current treatment is contrary to eu regulations.

The above described situation, is clearly contrary to EU legislation, and has prompted the European Commission to report Spain to the European court of Justice; since they consider that the Spanish Tax Legislation is incompatible with the free movement of capital which is established by the Treaty, as well as the non discrimination between the citizens of member countries. In July 2005, the Commission sent to Spain a formal request for it to modify

its discriminatory legislation. The period given to Spain for modifying its legislation was two months, and in the event it were breached the Commission would refer the matter to the European Court of Justice. Despite this official requirement Spain has not modified its legislation.

We must also take into account that the European Court of Justice has already established in previous sentences that applying different tax rates to non-residents is opposite to the Community Legislation unless a situation justifies said different treatment.

Conclusion

Due to the supremacy of the Community Law; and taking into account the aforementioned circumstances and a recent sentence related to Spanish VAT, it is foreseen that the European court of Justice will most probably declare the current capital gain taxation for non-residents in Spain as contrary to the Community code. If this is the case we believe that current taxes, assessed under the old rules, are capable of being appealed. For further advice please contact us or our associates, Asesoría Económica. [A](#)

Revenue Wins offshore credit ruling

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Revenue & Customs has won a key victory in its campaign against offshore financial centres.

In a test case before the special commissioners, the tax authority held by UK taxpayers in offshore centres. At the centre of the case was an unnamed financial institution – widely believed to be a high street bank. The Revenue is particularly interested in offshore credit card receipts. It says it hopes that the investigation into de bank's customers will yield £347m of additional tax revenues.

The victory before the commissioners will be used by the Revenue as a precedent when demanding similar

access to the offshore accounts of customers of other leading banks. The Revenue is drawing on the experience of the Internal Revenue Service (IRS) in the US where similar legal actions produced millions of offshore credit card transactions by US citizens. In fact, the IRS as so overwhelmed by the volume of returns that it had insufficient staff to process the paperwork it received.

Tax inspectors can now require banks to supply details of holders of credit cards linked to accounts in centres which use UK cash machines to get money from their overseas bank accounts. There is nothing wrong with this principle but the Revenue will assume that UK residents have hidden money that should have been declared and taxed in the UK. Heard comments that the Revenue is likely to hit the mark nine times out of



10 because people with something to hide will not have declared the interest on these accounts either.

Tax inspectors will trawl in many millions by these tactics. They will invite voluntary disclosures from UK residents with a promise of reduced financial penalties for such disclosures as the bait. Some who fail to disclose will be prosecuted and many will find the penalty, plus the interest on the tax bill, will wipe out their offshore savings.

Heard's view is that the Revenue will give substantial discounts against penalties that can be as much as 100% of the evaded tax in some cases but it will not be a question of five-minute job to make a disclosure and sign a cheque. [A](#)

_Spanish Banks announce the elimination of charges for basic services

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With this measure, which benefits small savers, banks aim to steal customers from their competitors.

Transfers, deposits by cheque, maintenance of current accounts, credit cards, debit cards, etc. all have charges on them which are extremely annoying for bank customers.

The first Bank to make the move to eliminate certain charges was the Banco de Santander Central Hispano, announcing that they will not charge for keeping accounts open, the issuing or renewal of debit cards, bank transfers at a national level, the administration of accounts, cheques paid in or issued, the provision of statements and also when money is withdrawn from cash points belonging to the same group. However, for the moment, only the bank account holders who have a mortgage with the bank, a monthly income above the minimum professional salary or a pension of at least 600€ monthly can benefit from the cuts.

Soon after, banks such as Bancaja, Caja de Ahorros del Mediterráneo, Citibank, Cajamar, Caixa Galicia, Openbank,

Banesto and BBVA followed suit, spurred on by the complaints from their customers.

Bancaja eliminated the charges on the current and savings accounts of all its customers.

The Caja de Ahorros del Mediterráneo announced that it would remove certain charges for customers whose salary or pension was paid into an account at the bank, mortgage holders and those with pension plans.

Citibank eliminates charges for the most basic services in exchange for account holders' salaries being paid into an account in the bank.

Cajamar will also cease to apply these charges for the maintenance of accounts and saving accounts and for the issue and renewal of debit cards.

Caixa Galicia will eliminate the main charges for young people and over 65s. BBVA will also be removing its charges in the basic packet "cuentas claras" (clear accounts) and will cut the rate for the rest of its services to half what it is currently. It will also give interest-free credit for a year to people with annual incomes of up to 30,000€ if their salary is paid into an account at this bank.

Unicaja has the lowest charges on the

market and will not be making any changes as yet.

The associations defending the interests of customers using the Spanish banking system – Adicae and Ausbanc - trust that the measure will spread to all banks and savings banks, but they are also convinced that the banking world will try to compensate for their losses in other ways such as introducing other services and stepping up the cost of existing ones such as the custody of shares and the administration of investment funds and pension plans.

This commercial manoeuvre does not cover the charges for taking out or cancelling mortgages (between one and four per cent of the loan), for credit, personal loans, the management of pension funds, investment funds or savings insurance.

In view of this, both associations recommend that customers should weigh out the pros and the contras before making the decision of changing banks to get out of paying charges. Certain operations such as moving a mortgage or a pension plan to another bank carry charges. [\[A\]](#)



Maximum commission charged by banks and saving banks

Bank savings bank	Annual maintenance	Per operation	Transfer from another bank	Minimum transfer	Debit card	Credit card
La Caixa	18€	0.60€	0.36%	3€	12€	30€
Caja Madrid	36.06€	0.36€	0.30%	3€	18€	35€
Caixa Catalunya	20€	0.35€	0.25%	3€	12€	24€
Bancaja	24€	0.20€	0.15%	2€	8€	20€
Unicaja	40€	0.60€	0.30%	2.50€	12€	21€
Unicaja (*)	16€	0€	-	1€	12€	21€
Cajamar	36.06€	0.24€	0.30%	3.01€	6€	15€
Cajamar (*)	10€	0.24€	0.20%	3€	5€	12€
Caja Duero	36.06€	0.30€	0.15%	3€	6€	18€
Ibercaja	36€	-1€	0.30%	2.75€	12€	24€
Caixa Galicia	24€	0.12€	0.20%	2.10€	9€	20€
Banco Santander	46.88€	0.50€	0.20%	3.01€	12.02€	24.04€
BBVA	30.05	0.45€	0.60%	2.40€	30€	12€
Banco Popular	36€	0.45€	1%	2.50€	24€	12€
Banesto	60€	0.45€	0.10%	3.15€	18€	28€
Sabadell	72€	0.50€	0.10%	2.40€	18€	30€
Bankinter	45€	0.18€	0.30%	2.70€	12€	24.04€
Banco Pastor	30.05€	0.18€	0.05€	3.01€	9.02€	24.04€

(*): Average charges, not maximum, according to the individual bank (Unicaja has just announced the creation of a flat rate for 2006)

Source: Official statistics given to the Bank of Spain by each individual bank

Trusts Attacked in UK Budget 2006



B

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This note sets out the radical changes announced within the budget, issued on 22nd March 2006, which contains proposals for substantial changes to the Inheritance Tax (IHT) treatment of certain trusts created by UK Domiciled individuals.

Who is likely to be affected?

Anyone who has created or, is contemplating creating, an interest in possession trust (IIP) or accumulation & maintenance trust (A&M). An A&M trust is a special type of trust that was approved under legislation to encourage the settlement of property on trust for children or grandchildren. It is effectively a discretionary trust until some point, usually age 25, at which time the fund would "vest" in the beneficiary.

An interest in possession trust is one where an individual or individuals are absolutely entitled to the income of the trust fund. The majority of insurance policy trusts, such as Probate Trusts, Loan Trusts, Gift Trusts, and Discounted Gift Trusts fall into this definition.

The proposed changes

The proposals change the current IHT rules to bring almost all of these trusts into the IHT regime for "relevant property" trusts. The relevant property regime currently only applies to discretionary trusts, and includes the following penal tax treatment:

_An immediate "entry" tax charge of 20% on lifetime transfers that exceed the IHT Nil Rate. Band (NRB) i.e. £285,000
 _A "periodic" tax charge of a maximum of 6% on the value of trust assets over the IHT, NRB. once every ten years; and
 _An "exit" charge proportionate to the periodic charge when funds are taken out of a trust between ten-year anniversaries. These rules will apply on and after 22 March 2006 to new trusts, additions of new assets to existing trusts and, subject to transitional provisions, to other IHT-relevant events in relation to existing trusts.

Under the proposals, the only trusts that will be exempt from the new regime are those that:

_Are created on death by a parent for a minor child at age 18; or
 _Are created on death for the benefit of

one life tenant whose interest cannot be replaced, or

_Are created either in the settler's lifetime or on death for a disabled person. Any other trusts will fall into the IHT rules for "relevant property" trusts.

What does it mean for trusts?

In the case of trusts created on and after 22 March 2006, this means that lifetime transfers by UK domiciled individuals into any trusts may create a chargeable lifetime transfer unless they are set up for a disabled person. They will also be liable to the periodic and exit charges applying to "relevant Property" trusts.

Existing trusts

The changes will not generally affect any trust that was created before 22 March 2006, provided that no new money is added to the trust. However, there are several other proposals that clients should be aware of.

The current rules for existing trusts will run on until the interest in the trust property at 22 March 2006 comes to an end. If someone then takes absolute ownership, this will be a transfer by the person with the interest in the property -either a transfer on death or a "potentially exempt transfer" if they are still living-and will receive the same IHT treatment as now. The trust will have no further IHT consequences.

However, if the interest comes to an end so that the property remains on trust, this will be treated as the creation of new settled property;

_If it comes to an end during the lifetime of the person beneficially entitled to it, this will be a transfer creating "relevant property" and

_Will therefore be immediately chargeable; and if the interest comes to an end on death, it will form part of the person's IHT estate as now and the settled property will then become "relevant property".

In both cases, the periodic and exit charges will apply.

However, any new IIP that arises when an IIP created before 22 March 2006 comes to an end before 6 April 2008 - whether on death or otherwise will be treated as an IIP that was in place on 22 March 2006.

In other words, existing trusts will remain unaffected, unless the current named beneficiaries are changed, in which case, the new rules could apply.

Existing A&M trusts

Clients who have created these trusts, or are beneficiaries of them, the following new regime is proposed:

Where existing A&M trusts provide that the assets in trust will go to a beneficiary absolutely at 18 - or where the terms on which they are held are modified before 6 April 2008 to provide this -their current IHT treatment will continue.

Where they do not, the trust assets will become "relevant property" from 6 April 2008 and the periodic and exit charges will apply. Ten-yearly anniversaries will arise by reference to the original date of settlement.

Gifts with reservation

Where an individual is beneficially entitled to an interest in settled property, and continues to be treated for IHT purposes as owning the property, a termination of the interest in the individual's lifetime on or after 22 March 2006 will be treated as a gift for purposes of the IHT "gift with reservation" rules. So if they retain the use of the settled property after their interest in it ends, it will remain chargeable in their hands in the same way as if they had formerly owned it outright.

Capital gains tax consequentials

Under the new proposals, there are several CGT implications, including the ability to claim "holdover" relief on the transfer of shares into a trust.

What Does this Mean for you? If the proposals become law (We expect them to from April this year) then any UK domiciled clients will need to consider the tax consequences before setting up a trust, particularly where the amount transferred exceeds the NRB -currently £285,000.

Clients with existing trusts will generally be unaffected by the new rules, but will need to take care if they are considering amending the beneficiaries under the trust.

Most UK expats do not lose their UK domicile when leaving UK. Therefore this change in legislation could have some far reaching affects to your familys wealth and generation planning even though you no longer are UK resident. ☹

_New measures aimed at preventing Tax Fraud

The Spanish government has announced the future introduction of certain measures for preventing fiscal fraud, which will be introduced this year and affect different taxes. Some of these proposals introduce reporting obligations for entities taking part in economic transactions. The most noteworthy ones according to the preliminary draft bill published are summed up as follows:

Corporation tax act

Entities resident in tax havens or fiscal paradises

It shall be understood that their residence for tax purposes is in the Spanish territory if their main assets consist directly or indirectly in investments located or executed in the Spanish territory, or if their main object is undertaken in Spanish territory, except if it is duly accredited that these entities are duly managed in the said territory or country and that their incorporation and operation responds to valid economic and business substantive reasons different from just the management of assets or securities.

Transfer pricing

_Carrying out transactions at market prices is now an obligation for the taxpayer. The Administration has the right to adjust (either there is a lower taxation or tax deferral in Spain) if it is not valued against market prices.

_Now, the taxpayer has the obligation to give good evidence of this valuation providing the required documents (the content of which will be left to subsequent regulatory development). If the obligation to provide good documentary evidences is not fulfilled, the Administration can undertake the adjustment according to data in its possession (in general, without prejudice of accepting evidence on the contrary, although this is not expressly stated).

_As regards to the concept of binding, significant changes are introduced.

_The concept of "company" is substituted by the much wider concept of "entity".

Previous Assessment Agreement ("Acuerdos Previos de Valoración" or APAs): Their validity expands to 4 areas. Their entry into force is admitted with respect to transactions undertaken during the current tax period in which the APA is approved, and even those corresponding to the previous year if a tax return has not already been filed. APAs could presumably be rejected if they are not approved in a certain period

of time (not defined).

Although with an unclear wording, the so-called "secondary adjustment" (ajuste secundario) is introduced. The difference between the agreed and the market values will be considered by the bound entities "under the tax regime corresponding to the revenues indicated." Article 15 of the tax on non-residents income act (Ley del impuesto sobre la Renta de No Residentes) is modified to clarify that non residents (with or without permanent establishment in Spain) are also bound by the obligations of transacting at market prices. It is specified that the above mentioned obligations apply with respect to transactions between permanent residents inside or outside Spain.



Non-resident income tax act

Appointment of a tax representative

This obligation now concerns also to entities residing in countries or territories with which there is not an effective exchange of information agreement, if they hold goods located in or titles traded or executed in Spain, except securities listed in organised secondary markets. Where there is no tax representative appointed, the receiver or manager of the said good or titles shall be appointed as such.

Indirect transfer of real assets in Spain

Net gains from the sale of stocks or interest in entities residing in countries



or territories with which there is not an effective exchange of information agreement, and if their main assets are properties in Spain, shall be taxed according to the market value of the said goods.

The underlying property in question shall be subject to the payment of these Taxes, in the event that the company does not pay.

Value added tax act

Transactions between connected parties

The tax base in transactions between connected parties shall be its usual market value. This rule shall be applied when a value different than the one agreed between independent parties on a free-competition basis shall determine a greater deductible or a lesser non-deductible VAT.

Subsidiary liability

Those taxable persons receiving transactions levied with taxes shall be bound by the subsidiary liability of paying the tax rate corresponding to the mentioned transactions if they should reasonably presume that the taxes deflected by the trader or sale professional has not been, nor will be, included in tax returns or payments. This circumstance shall reasonably be presumed by the receiver when, if regularly involved in trading the said goods, he/she has paid a notoriously anomalous price for them compared to the price of goods transferred in identical or similar circumstances.

The Administration shall examine the documents provided and transactions undertaken in the same economic sector in order to determine if the price is anomalous or not.

Individual income tax act

Return on economic activities shall be subject to 3% withholding if the taxpayer is under a flat-rate scheme ("módulos").

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_New measures aimed at preventing Tax Fraud



≡ General fiscal act *Subsidiary liability*

The General Fiscal Law provides for two new cases of subsidiary liability:
_Persons or entities controlling the taxable entity: Those persons or entities exercising an effective, total or partial, direct or indirect, control on the legal persons or those persons in which a common controlling power converges, if it is duly proven that legal persons have been created or used in an abusive or fraudulent way in order to elude universal net worth liability against the tax authorities and if economic spheres or persons are all one or it is a case of confusion or net worth deviation, then those persons shall bear subsidiary liability. Subsidiary liability shall also apply to tax liabilities and penalties of the said legal persons.

_Persons or entities controlled by the taxable person: Persons or entities controlled, wholly or in part, by the taxable

persons, or in which the said taxable persons hold a common management power, in the same conditions as provided in the above paragraph.

Fiscal Identification Number revocation

The withdrawal of the Fiscal Identification Number assigned to legal persons or entities shall be published in the Official Gazette ("Boletín Oficial del Estado") and also in the corresponding Public Registry, according to the type of entity in question, so that it will be impossible to enter into further transactions. Financial entities shall not credit nor make payments in accounts or deposits of the legal persons or entities whose Fiscal Number has been revoked.

Property assignment

_Public deeds related to acts or agreements to buy, declare, constitute, assign, levy, modify, sell or end ownership and other titles in property shall include the Fiscal Identification

Number of the interested parties.

_The said public deeds shall also include evidence of the payment method used by the parties.

_Registration of these agreements and acts in the Property Registry ("Registro de la Propiedad") shall be conditioned to the inclusion in the public deeds of the above information.

Amendment of article 108 of stock market act

As you know, assignment of shares in property companies (those investing more than 50% of their assets in property) is subject to a transfer tax ("Impuesto sobre Transmisiones Patrimoniales, ITP") if the said transfer implies that the buyer obtains full title of the entity's net worth, or at least, a position so as to exercise some control over it, then it will be subject to transfer tax at 7%.[\[A\]](#)



_What do you think?



Please let us know which areas of this newsletter you found most helpful, and what, if anything, you World like to see added

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COUNTRY

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