

E – BULLETIN #3. JUNE 2006

Equity release.

For foreign investors in Spanish property, particularly British people, this subject has become a hot topic in the last couple of years. Many external financial consultants have come in to offer such schemes, based outside Spain, to mitigate the effect of Inheritance Tax; and to provide in some measure a small amount of equity release.

The Spanish government, under pressure from national financial institutions, has begun to draft legislation that will effectively allow the Spanish banks and insurance companies to enter this highly lucrative sector, which is currently controlled by their foreign competitors. The legislation is expected to be in place by January 2007 and will effectively create the figure of a pension for life in exchange for the transfer of the property at death.

Summer Tax deadlines.

A reminder to all clients and professional contacts, that the following tax deadlines are coming up in the next weeks/months.

- PERSONAL INCOME TAX FOR RESIDENTS

The final filing date for the 2005 tax returns is the 30 June.

- PERSONAL INCOME AND WEALTH TAX FOR NON-RESIDENTS WITH MORE THAN ONE PROPERTY IN SPAIN

The final deadline for the 2005 return is also the 20 June.

- CORPORATION TAX 2005

The final deadline is the 25 July.

- VAT (IVA) FOR THE 2ND QUARTER OF 2006.

The final deadline is the 20 July.