

# Property and finance - doing it right

Take professional advice for peace of mind and protection



**DEBBIE BARTLETT**

**T**here is general agreement that this is a good time to buy property in Spain. Prices are unlikely to drop further and those who are looking to buy as an investment should receive a good return when they sell in the medium to long term. Those looking for a main residence or holiday home will also be able to afford a larger or more luxurious property than they might otherwise have done.

Whatever the reason for the purchase, buying a property is a major investment and one that needs to be protected and looked after. The number one rule in this regard is to

use the services of a lawyer. It might be tempting to save money by not doing so if everything appears to be straightforward, but this could well prove to be a false economy.

Why is a lawyer essential? For many reasons, says Antonio Flores, of Lawbird Legal Services in Marbella. Horror stories can happen. Developers may build without complying with safety regulations or may go bankrupt before the property is finished; the person selling a property may not be the real owner; the property may never have been registered or may be illegal; there may be debts or encumbrances attached to the property which would become the responsibility of the new owner; the property being sold may not be the one which was viewed and agreed; a purchaser may not know that legal tenants are occupying the property and that they could decide to stay

until the end of their rental contract, exercise their priority purchasing rights or even demand money in compensation. Using a lawyer can solve such problems or, if there is no solution, he or she will have saved the purchaser from a disastrous situation and possibly the loss of a great deal of money.

Of course these situations may not arise and in most cases they don't, but there are still many positive reasons for using a lawyer when buying a property. Not only is the lawyer obliged to observe strict professional standards, but he or she does not have a vested interest in the sale going ahead. A bilingual lawyer can explain legal technicalities in a way that a purchaser can easily understand, and is invaluable as an interpreter when dealing with notaries, banks etc.

Using a lawyer when buying a property can actually save a pur-



**Bargains.** The consensus is that property prices will not drop any further and

## Is money safe in Spanish banks?

The recent situation in Cyprus and alarmist reports in the British press about how a similar situation could arise in other parts of Europe have caused unease among expats about the safety of funds on deposit in Spanish banks.

Many financial advisers would recommend other ways of saving because of the low rates of interest currently be-

ing offered by banks, but for those who prefer to keep their money in the bank it may be comforting to know that there is a protection scheme in force in Spain (the Bank Deposits Guarantee Fund) which covers savings of up to 100,000 euros per person.

For further information, visit [www.fgd.es](http://www.fgd.es), a website which has an English option for non-Spanish speakers and which gives details of what is guaranteed under the scheme and what is not.

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chaser money, especially in bank charges. Conveyancing lawyers hold a client bank account with preferential conditions, so purchasers who use their lawyer's client account can avoid the sometimes extortionate transfer charges which are imposed by banks. Most lawyers in Spain also offer an escrow service free of charge and lawyers may also be able to help obtain better mortgage conditions.

Antonio Flores also points out that a purchaser does not have to be present during the purchase process, as it can all be handled by a lawyer via power of attorney. This can be a blessing for those whose other commitments make it difficult for them to travel.

### Buying property is a major investment, and one that needs to be protected and looked after

### Horror stories can still happen and it can be a false economy not to use the services of a lawyer

### Money matters

It is essential that those who come to live in Spain make sure their finances, tax matters and investments are dealt with correctly. There is more to moving here than just getting a NIE number and many aspects of taxation and financial planning just cannot be handled without proper advice. What should an expat look out for?

Julia Mitchell of Blacktower Financial Management Group in Marbella says it is absolutely vital for people to seek qualified and professional advice as soon as they arrive or before moving, and great care should be taken when choosing someone to handle financial affairs.

## The key points

Anyone who is considering buying a property is strongly recommended to use an independent lawyer, even if at face value everything appears to be straightforward. Not only does this avoid pitfalls which are potentially disastrous and costly, but a lawyer offers professional help and advice in other aspects related to the purchase and can also provide helpful after-sale assistance where necessary. Using a lawyer can also save a purchaser money with regard to bank charges and mortgage conditions. Lawyers have to comply with strict professional standards and have professional indemnity insurance, which is an added protection for clients.

Professional advice is also es-

sential for financial planning and for taxation matters once the purchase has been completed. This is a complex area and there are many differences in the way such matters are dealt with in Spain compared with other countries. Many aspects cannot be handled without professional assistance and the consequences of getting it wrong can be severe. However, there are also certain benefits for expatriates, of which they would not be aware without advice from experts in that field.

Choose advisors carefully. Check their qualifications and that they are registered, don't be afraid to ask questions and feel free to seek other opinions. It is important to do things properly, for your peace of mind and to protect your interests.

"Check an adviser's qualifications and where they are regulated", she says. "Ask loads of questions, find out if they live here and check that they are not planning to leave soon. Never make hasty decisions and don't be afraid to seek second opinions if you have doubts".

The tax and legal systems in Spain are different from those in the UK and can even differ between regions of Spain, so it is not surprising that many people are daunted at the prospect of dealing with such matters. This is why qualified, professional advice is essential, not only to help people avoid unexpected pitfalls but also to help them benefit from the advantages, of which they may be unaware.

Julia recommends seeking expert advice on tax obligations, tax residency and domicile: many people will need to fill in an annual tax declaration, even if they are only receiving their UK pensions. Becoming fiscally resident does not mean that additional tax has to be paid, because Spain and UK have double taxation agreements. It can also give significant benefits with regard to Spanish inheritance planning or exemption from capital gains tax for those who are eligible, but advice is necessary with regard to

whether an individual should be fiscally resident in Spain.

Julia says people should always seek professional advice about savings and investment planning, no matter what their personal circumstances. There are advantages to being an expat in Spain in terms of investments and savings products, and some investor platforms and funds exist which would not normally be available to retail or UK investors and are not just for high net worth individuals.

Expats should also take expert advice on retirement planning, even if retirement seems a long way off, and people who are planning to retire in Spain need to consider many important factors including whether to have a UK pension paid into a Spanish bank.

Professional guidance is also necessary about a new law which means that all individual assets with a value of over 50,000 euros which were located outside Spain on 31st December last year must be declared to the Spanish tax authorities by the end of April this year. Those who are affected may prefer to have an expert fill in the form and file the declaration on their behalf, as there are heavy fines for non-compliance.

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