

ALLOWANCES AND DEDUCTIONS APPLICABLE TO INHERITANCE TAX FOR NON-RESIDENTS IN ANDALUSIA

Unlike in other countries, in Spain it is not the estate of the deceased which is taxed (inheritance tax), but each one of the beneficiaries of the estate, according to their share in the estate. This means that each heir has the obligation to file a self-assessment form of inheritance tax to the Spanish Tax Authorities.

Spanish Inheritance Law establishes certain deductions and exemptions that depends on the family relationship with the deceased (bear in mind, that unlike other EU countries, the inheritance to the spouse is taxed in Spain).

In this particular case, we are referring to non-residents with assets in Andalusia, Spain, and which are resident in EU countries (including EEC countries)

Personal exemptions available in Andalucía:

Group I

100% exemption where the value of the estate is less than €175,000, and the pre-existing wealth of the beneficiary is less than €402,678.11.

Group II

100% exemption where the value of the estate is less than €175,000, and the pre-existing wealth of the beneficiary is less than €402,678.11

Group III

Only the personal-familiar deduction of €7,993 applies.

Group IV

No deductions available

Deductions available in Andalucía:

Group I: Children, including adopted children, under the age of 21 (deduction of €15,956)

Group II: All other descendants, spouses and parents (deduction of €15,956)

Group III: Close relatives such as brothers and sisters, grandparents, aunts and uncles (deduction of €7,993)

Group IV: More distant relatives (no deduction)

Sometimes it is wise to leave your estate to several heirs (spouse, children and grandchildren), so the value of the estate received by each heir falls under €175,000 (ie it will be exempt of inheritance tax).

There are additional allowances in cases of incapacity, under aged children, family enterprises, income from Life Insurance, etc.

Once the relevant tax rate has been applied, the result is multiplied by a coefficient determined by the preexisting wealth of the beneficiary, as well as the group to which they belong.

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