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Dear Clients,

Inheriting assets and administering estates has always been an incredibly difficult process when Spanish assets are involved. The difficulty of navigating an already complex legal process, compounded by having to grapple with an unfamiliar language and legal system, is now made even more complex by the ensuing advent of the Brexit.

The succession and probate legal system in Spain is vastly different from that of the UK. Not only are the processes employed different and quite complex, but The Inheritance Tax Rules apply differently to EU and Non – EU members.

In 2014 the Spanish government had brought its Inheritance Tax Rules for EU citizen residents into line with the rest of the EU, following pressure from the decisions of the European Court of Justice, which allowed EU citizens with property and assets in Spain to enjoy the same tax exemptions as Spanish Citizens.

Following the advent of the Brexit it is unclear how, moving forward, UK residents will be perceived in Spain. Will UK citizens be classed as non-EU residents, or alternatively, be allowed to keep EU Citizen rights in some areas, as a kind of trade off to allow EU citizens to keep their rights in the UK. An almost quasi-citizenship?

What is clear, however, is that the Brexit will undoubtedly detrimentally affect UK citizens resident in Spain and UK citizens with property and assets in Spain. With particular reference drawn to the discharge of property and assets during the succession and inheritance process.

In the worst-case scenario, upon your death, the beneficiaries of your estate would be exposed to a higher rate of inheritance tax that will have to be paid on Spanish assets owned by UK Citizens. In fact, that higher rate would be comparable too, or possibly higher, than that which was payable by UK Citizens until the aforementioned recent ruling of the European court in 2014, whereby, Spain was forced to offer European nationals the same inheritance tax breaks as it offers its own residents.



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Inheritance tax in Spain can be relatively complex compared to inheritance tax in the UK. There are some fundamental differences such as there is no automatic spousal exemption, the tax to be paid by any beneficiary is calculated upon a sliding scale guided by the beneficiaries' proximity to the deceased. If there are no blood or marital ties between you and your intended beneficiaries it is likely they will be exposed to the highest inheritance tax brackets possible.

In addition to this, any exemptions or / and various other deductions vary depending upon the location of the assets in Spain. Each independent community of Spain such as Andalucia or Murcia are able to set their own exemptions and offer further reductions if they choose to do so.

With such uncertainty already in place, and, more certainly on the horizon it is without a doubt imperative to secure any assets and properties owned in Spain for the benefit of loved ones and family that will be left behind. Hence, if you are administering an estate or inheriting assets in Spain it is recommended that you seek expert Spanish legal advice at the earliest stage possible in order to avoid problems in the future incurred by the Brexit.

Although it seems a heavy burden may be placed upon UK citizens within Spain at the administration of their estate or upon more precisely upon their beneficiaries, this does not have to be the case. There are many options open to UK citizens to ensure that your intended loved ones and other beneficiaries do not see their inheritance dissipated provided you act in a timely manner.

For independent and effective legal advice on all matters of inheritance and succession in Spain please contact us here, at The Law Office, on either 0191 3862487 or via email on thelawoffice@email.com

Yours sincerely,

The Law Office