

## Inheritance and Donation Tax

A tax levied on amounts obtained by individuals in the manner of inheritance, legacy, donation or any business which has been 'free of charge'. The inheritors/beneficiaries are obliged to pay taxes on the amount.

The amount is calculated using the taxable base of the sum received and deducting any debts.

The taxable base of the inheritance, donation or money transfer is the net value of the assets, reduced by the any allowances applicable (such as debts outstanding), plus personal assets valued at 3% of the sum inherited.

Deductible debts are those which can be proven by presenting relevant documentation for example, in relation to Taxes or Mortgage, National Insurance or any other accreditors. Also deductible are expenses that are litigious ( such as sums being contested in court), and final medical & funeral expenses.

To calculate the taxable base amount, the 'tax allowance' sum needs to be deducted from the sum inherited/received. The scale for the 'tax allowance' is as follows:

Descendents and adopted children less than 21 years*	15.956,87€
*Plus, for every year that they are less than 21	3.990,72€
Descendents of 21 years or more	15.956,87€
Relatives within 2 <sup>nd</sup> or 3 <sup>rd</sup> stage of family and parents	7.993,46€
Relatives of 4 <sup>th</sup> stage of family or more distant	0.00

As well as the allowances mentioned, a deduction of 47.858,59€ can be made for Invalidation when the level of Disability is measured as more than 33% and less than 65% (the level is certified by the National Insurance System). When the level of Disability is measured equal or higher than 65%, the deduction is 150.253,03€

The Spanish Tax department devolves responsibility for management of Inheritance Tax to each Region. In Valencia, the authorities follow the Spanish National Tax Bands relating to this tax, however this can vary in other regions and so needs to be considered individually.

### The Tax Scale is:

Up To	Quota	Remainder Up to	Percentage
0,00		7.993,46	7,65
7.993,46	611,5	7.987,45	8,50
15.980,91	1.290,43	7.987,45	9,35
23.968,36	2.037,26	7.987,45	10,20
31.955,81	2.851,98	7.987,45	11,05
39.943,26	3.734,59	7.987,46	11,90
47.930,72	4.685,10	7.987,45	12,75
55.918,17	5.703,50	7.987,45	13,60
63.905,62	6.789,79	7.987,45	14,45
71.893,07	7.943,98	7.987,45	15,30
79.880,52	9.166,06	39.877,15	16,15

119.757,67	15.606,22	39.877,16	18,70
159.634,83	23.063,25	79.754,30	21,25
239.389,13	40.011,04	159.388,41	25,50
398.777,54	80.655,08	398.777,54	29,75
797.555,08	199.291,40	En adelante	34,00

The taxable amount is calculated by multiplying the amount obtained with the Tax Scale by the variable rate which is dictated by the relationship of the inheritor to the person whose assets are being divided.

Wealth Tax Pre-existing	Groups I y II	Group III	Group IV
<u>Up To 402.678,11</u>	<u>1,00</u>	<u>1,5882</u>	<u>2,00</u>
<u>From 402.678,11 to 2.007.380,43</u>	<u>1,05</u>	<u>1,6676</u>	<u>2,10</u>
<u>From 2.007.380,43 to 4.020.770,98</u>	<u>1,10</u>	<u>1,7471</u>	<u>2,20</u>
<u>From 4.020.770,98 and above</u>	<u>1,20</u>	<u>1,9059</u>	<u>2,40</u>

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