



# DAVIES ABOGADOS

solicitors/barristers

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Q.

Last year I inherited a property which was valued by an estate agent at 170000 which was then included on my inheritance deed as the value of the property . I paid inheritance tax and thought all was done . I have now received a letter stating that they consider that the value of the property is in fact 191000 euro and asking me to pay more tax. What is all this about.

A.

What you have received is a “complementaria”. The tax authorities consider you have undervalued the property you have inherited and want you to pay tax on the difference between what you have valued the property at and their own valuation.

Their valuation is the catastral value shown on your rates increased by a multiplier which is different for each municipality in Spain ,Your catastral value can be consulted on your rates bill and the multiplier can be consulted in an official paper published each year which in Andalusia is called BOJA.

The resulting value is very often lower than the market value in which case it provides an opportunity to assign a low value to the property with ought getting into trouble . ( We are amazed at the amount of people who overvalue their inheritance valuation when they can be absolutely with a benchmark compliant valuation). Unfortunately sometimes the benchmark valuation can be higher than the market value.

*If you inherit a property make sure you value it correctly . If you value it too high you will pay unnecessary tax, but if you value it too low you will get into trouble. Make sure your solicitor talks to you about benchmarks.*



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I recommend you simply pay them the difference requested unless you feel that their valuation is grossly overvalued in which case you should consult a solicitor regarding your specific case and go to battle.

With the fall of the property market the benchmarks are causing problems because the government is very slow and conservative when it comes to reducing them in line with the crash of the property market.

The problem is that the benchmarks are now very often above the market value of the property. (I would say that in about 80 % of transactions in the Mojacar area). In Mojacar the multiplier this year is 1.2 so the valuations need to be 1.2 times the catastral value which appears on your rates bill.

This leaves the heir with the choice of paying or fighting the tax office. (Which in most cases is not worth it due to the complexity, expense and doubtful outcome).

If you inherit a property for under the benchmark, the tax authorities are entitled to claim the difference in tax for four years after the last day for payment of the tax. (Which is one month for a purchase and 6 months from death on an inheritance).

The above is a clear case of abuse by the administration, which they should address as soon as possible.

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