

Buying a home abroad

Dipali Maldonado - Senior Counsel - Private Client Services / Family Business
- Dubai International Financial Centre



A number of our clients will, at some point, purchase a property abroad, whether in the cosmopolitan cities of London, Paris, Monaco or further afield in the US for example. These can be fantastic investments and holiday homes but in order to ensure these assets remain at their optimum in our clients' portfolios, rather than becoming a burden, it is essential to follow our top tips.

1. Do not blindly follow what friends and family may have done when buying their properties

Your personal tax, residency and domicile position should be assessed by a professional advisor to ensure that the property is acquired and held in the most optimal way, always taking into account your personal circumstances, applicable legislation, reliefs and exemptions as well as any favourable tax treaties.

2. Take professional advice about registering a will in the country where you are buying a home

A will ensures that your wishes will be known and followed in the event the worst should happen and that your loved ones are taken care of. The will should cover, not only the property but all assets in that country, including bank accounts, cars, artwork etc.

It is also important to ensure that clients who have registered wills in more than one jurisdiction, consult with their advisor to ensure that their various wills do not revoke or conflict with each other. It is common for some wills to have a clause that states 'all other wills are revoked' so such a clause would need to be carefully considered and revisited.

3. Take advice on your tax position

Taxes differ from country to country and you could be exposing yourself to some hefty tax bills which could potentially be reduced with the right planning in advance. In the UK for example, inheritance tax rates are currently at 40 per cent and can be payable on worldwide assets depending on where the owner is domiciled. In addition, many of our clients face large ATED (Annual Tax on Enveloped Dwellings) bills due to outdated holding structures and/or not availing of certain reliefs and exemptions that may be applicable to their personal circumstances.

It is critical that you proceed with eyes wide open and be aware of whether you are or could be subject to income tax, inheritance tax and capital gains tax abroad in the country where you purchase the property. The way that you purchase your property could have a huge impact on how you are taxed in the future, so it is important to obtain the correct advice from a specialist before you sign on the dotted line.

Also consider life insurance policies which are available in the market to cover future inheritance or other tax liabilities.

4. Financing

Explore the various financing (and re-financing) options available to you by using recommended and trusted financial advisors and mortgage brokers. This process should be started as early as possible so as not to slow down the acquisition process once an offer is accepted by a seller.

Finding and financing property overseas can be difficult and time consuming but the right advisor can help you capitalise on opportunities around the world.

5. Stay updated

It is also important to stay up to date with developments on tax and other applicable legislation in the country where you have purchased a property since what may have made sense before, may no longer make sense. Clients who hold real estate through an offshore SPV may no longer need these SPVs given changes in law and so restructuring how assets are held may be something to consider.

Learn how our Wills services team offer assistance for matters relating to [consultation and registration of wills in the UAE](#).

For further information, please contact [Dipali Maldonado](#) (d.maldonado@tamimi.com).