



A restored property outside Deauville, France, with ten bedrooms is on sale with Engel & Volkers



Mijas, on the Costa del Sol in Spain



Sintra, near Lisbon in Portugal



Oia, on Santorini, in Greece

Passport to freedom?

COVER STORY

A year on from Brexit, what you need to know about buying a European holiday home. By Emanuele Midolo

One of life's true luxuries is freedom of choice. To travel when and where you like — and, if you're British, snap up the local bricks and mortar, from a villa in the sun-drenched south of Spain to a farmhouse surrounded by fields of lavender in France.

However, the reality for house-hunters is more challenging, thanks to Brexit, which ushered in an era of residency requirements. Later this year a digital visa system called Etias — similar to the American Esta model — is expected to be implemented by the EU, so British citizens will have to apply for the visa to enter any EU countries for tourism, business or transit.

"We're not really feeling the bite yet," says Isobel Neilson, senior manager and solicitor at Fragomen, a specialist firm in immigration services. "The new system will tighten it, and British nationals will find they have a harder and harder time in Europe."

Neilson says that the "incredible freedom" to move around is now officially gone — unless you move for work reasons. "The only solution is to get European citizenship again," she says. "You want free movement back. Anyone

who has Irish ancestors is rushing to try to get Irish passports."

Regardless of your ancestry, there are still ways to buy into Europe and invest not only in a place in the sun but a passport to citizenship in the future. Here's our guide to Britain's most popular destinations for home-hunters.

Portugal

Portugal stole the sunshine scene last year, becoming the most desired destination for British tourists and house-hunters. According to Savills, more than 80 per cent of buyers in the southern coastal region of the Algarve are Irish and British people tempted by the attractive villas, rolling golf courses and, most of all for the latter, favourable residency rules and the "golden visa" programme. "Portugal has been the most popular and the most successful country [for golden visas]," says Jelena Cvjetkovic, a director with Savills Global Residential. "People often come with the idea of obtaining visas and then the property element comes into place."

To obtain a Portuguese golden visa you need to buy a property worth at least €500,000 (£418,000) or, alternatively, properties in need of refurbishment worth €350,000. The value goes down to €280,000 for properties that are older than 30 years



and are located in low-density areas. Foreigners who obtain residency are required to spend only seven days in the country every year.

Temporary residence becomes permanent after five years. "Portugal is so popular because after five years, with a little understanding of Portuguese, people can apply for Portuguese citizenship," says Dominic Volek, group head of private clients at citizenship advisory firm Henley & Partners. "It's the clearest route to apply for citizenship."

Volek adds that there are also significant tax advantages under the so-called non-habitual tax resident regime, which is considered one of the most competitive in Europe. It includes low or no tax on offshore income, pensions and dividends.

However, Brits can forget the Algarve because, as of January 1, the golden visa scheme no longer applies to the coastal

areas of the country, as well as the cities of Lisbon and Porto. The government is trying to encourage investment in less popular regions in the inland but also in the archipelagos of the Azores and Madeira.

Spain

Like Portugal, Spain has a golden visa programme with a property purchase option, which is €500,000 for homes anywhere in the country. The permit is valid for two years, with the possibility of renewing it for another five years, as long as the applicant owns the property or another property of the same value or above. The holder is required to enter the country once a year, with no minimum stay. However, there are strict rules when it comes to obtaining citizenship. Spanish residence status can be obtained only after five years of continuous residence — ie more than

six months a year — while citizenship can be acquired after ten years of continuous residence.

"Spain is great if you really want to live in Spain," says Stuart Wakeling, managing partner and head of Henley & Partners' London office. He concedes that the programme is not as popular as in Portugal because it's not as "clear cut" and it takes "a hell of a lot" longer. Instead, "the real estate element is the real attraction. But for citizenship you would have to live there for six months a year for ten years. You also become a tax resident and you will be taxed at quite a high progressive tax rate."

The golden visa does not allow you to travel to other EU countries for more than the standard 90 days every 180 days in place for every British citizen.

Italy

Despite being the top destination for British homebuyers in 2021, according to

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Other EU countries

Austria Non-EU nationals are not allowed to buy properties in Austria unless they become residents.

Cyprus The country had a similar, controversial golden passport scheme that was scrapped at the end of 2019. It still has a golden visa programme with a €300,000 property purchase requirement through which you can obtain citizenship after seven years.

Greece The property requirement for the golden visa is just €250,000, with seven years of residency to gain citizenship. Residents must pass a Greek language exam.

Malta The "easiest" way to regain EU citizenship is arguably in Malta, where a citizenship for investment programme or "golden passport" gives you Maltese citizenship by spending between €600,000 and €750,000.

Monaco You can become a Monaco resident if you spend at least six months a year in the principality. You must either buy or rent an "adequate" property and have at least €500,000 in a local bank account to show you can afford the most expensive property market in the world.

Savills, Italy does not offer a property purchase option for its golden visa scheme. The visa can be obtained with an investment in an Italian company (€250,000-€500,000), a charitable donation (€1 million) or a significant investment in Italian government bonds (€2 million).

There are, however, a number of fiscal advantages to buy properties in the *bel paese*. "There is no fiscal impact for British residents who own properties in Italy," says Diletta Giorgolo, head of residential at Italy Sotheby's International Realty. "The local and state real estate taxation in Italy for Italian and non-Italian homeowners is the same."

Giorgolo adds that inheritance taxes are very low and there is no capital gains tax after five years in the country. "In case the buyer is a physical person and not a company, the nationality does not matter," she says.

Finally, in 2017 Italy introduced a "flat tax" for high-net-worth individuals; new residents opting for this tax regime will pay a flat-rate tax of €100,000 per year on all their non-Italian sourced income. Cvjetkovic says this option has lured many British businessmen to buy a pad in Milan over the past two years.

France

France is one of the few European countries that does not offer a golden visa option. British nationals who do not have a work permit to live in France can stay there for up to 90 days over every 180-day period.

"Property owners looking to stay for more than six months will be required to apply for a long-stay visa called *visa de long séjour temporaire*," says Matthieu Cany, director of the French estate agency Sextant Properties. "This might sound restrictive at first but the majority of our buyers don't tend to spend more than 90 days at their property or, if they do, simply apply for the required visa."

Cany adds that one of the biggest changes after Brexit is the capital gains tax, which would affect British nationals who sell their properties in France. "Previously, British owners were subject to a 19 per cent capital gains tax and 75 per cent social levy charge," he says. "For non-EU residents the social surcharge increases to 172 per cent, which means British sellers might be facing a total capital gains tax bill of 36.2 per cent. To ensure that all taxes are paid correctly, UK residents are now also required to engage a fiscal representative for capital gains formalities if the sales volume exceeds €150,000."

You can apply for tax relief if you have owned the property for more than five years. Sellers who have owned their property for more than 22 years would not have to pay any capital gains tax at all.

What's certain is that the 90-day rule is not going to be a problem for people who want skiing holidays in the Alps. "Mountain living is having a moment," says Kate Everett-Allen, partner and head of international research at Knight Frank, who has seen an uptick in the region. "People want to buy there. It was the market that suffered the most during the pandemic. They've missed two seasons and there was that desire to reconnect with family and friends."

Save&splurge

Bunk beds

Compiled by
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► Tinsley bunk-bed frame with underbed storage drawer, £449; dreams.co.uk



► Orion Sonoma oak-effect bed with glow-in-the-dark ladder, £695; freemans.com



► Bloc bunk bed, £449; roomtogrow.co.uk



► Josie single bunk-bed frame, £160, Habitat; argos.co.uk



► Adventure Hangout kids' bunk bed, Lifetime, £2,215; cuckooland.com

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Later this year
a digital visa system
called Etias — similar
to the American Esta
model — is set to
come in