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ACTIVITY PLANNER

## Property overseas: Somewhere over the asking price...

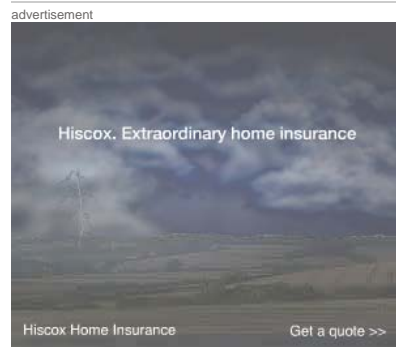
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"Some of these costs are more punitive than others - and nothing replaces some damn good legal advice."

### Safety first: How not to get sold short when buying overseas

#### Buying



- Brokers offer far better rates than banks when moving your money abroad.
- Break down the asking price of the property as much as possible to unearth any hidden costs such as hefty agents' fees.
- Check whether VAT is included in the asking price on newbuild properties.
- Establish whether the rental guarantee is net. If gross, calculate exactly how much will be deducted in service charges.
- Don't forget extras such as legal fees - far higher in France than the UK, for example - mortgage brokers' fees, life insurance policies that may be necessary and drawing up a will to cover the foreign property.
- Don't skimp on essential costs such as getting a survey or using a lawyer: it could prove a fatal false economy.

#### Maintaining

- Ask for details of past years' community costs on urbanisations (complexes) and find out if any big infrastructure projects are likely to present a big bill.
- Ongoing bank fees, commission and changes to exchange rates can add a considerable amount to your outgoings over the course of your mortgage, so seek advice from foreign exchange companies such as Moneycorp, Currencies Direct or HiFX or an emerging-markets adviser such as Validus ([www.validus-invest.com](http://www.validus-invest.com)).
- Make sure your property is adequately insured. Some ordinary home insurance policies are not valid for holiday homes.
- Swot up on the tax laws on rental income on your foreign property as failing to pay could prove costly.

#### Selling

- Check whether you will be penalised with higher capital gains tax if you sell within a certain time frame. Germany imposes high penalties, for example.
- Look at other ways to reduce that tax bill such as by buying through a company.
- Emerging markets such as Morocco are not conducive to a "buy-to-flip" investment strategy. "Most developers put the original off-plan purchase price on the resale contract, so prospective buyers can see exactly how much profit you have made before completion," says Sara Romera, from the International Property Investment Network ([www.propertyshowrooms.com](http://www.propertyshowrooms.com)).

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