EXPAT LIVING

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This African nation attracts expats, but is it safe?

Welcome To **Expat Living**

In this edition of *Expat Living* we have brought together a range of features and news which address the expat experience.

We first examine what it is like to live and work in Nigeria. We also look at retirement and property prospects if you are considering a move to Portugal.

Plus, should you consider buying UK property? Does your home insurance cover travel with you as an expat?

We hope this e-magazine brings you the essential information you need for your life overseas.

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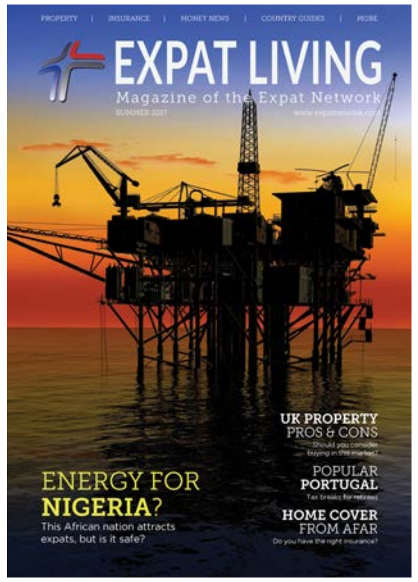

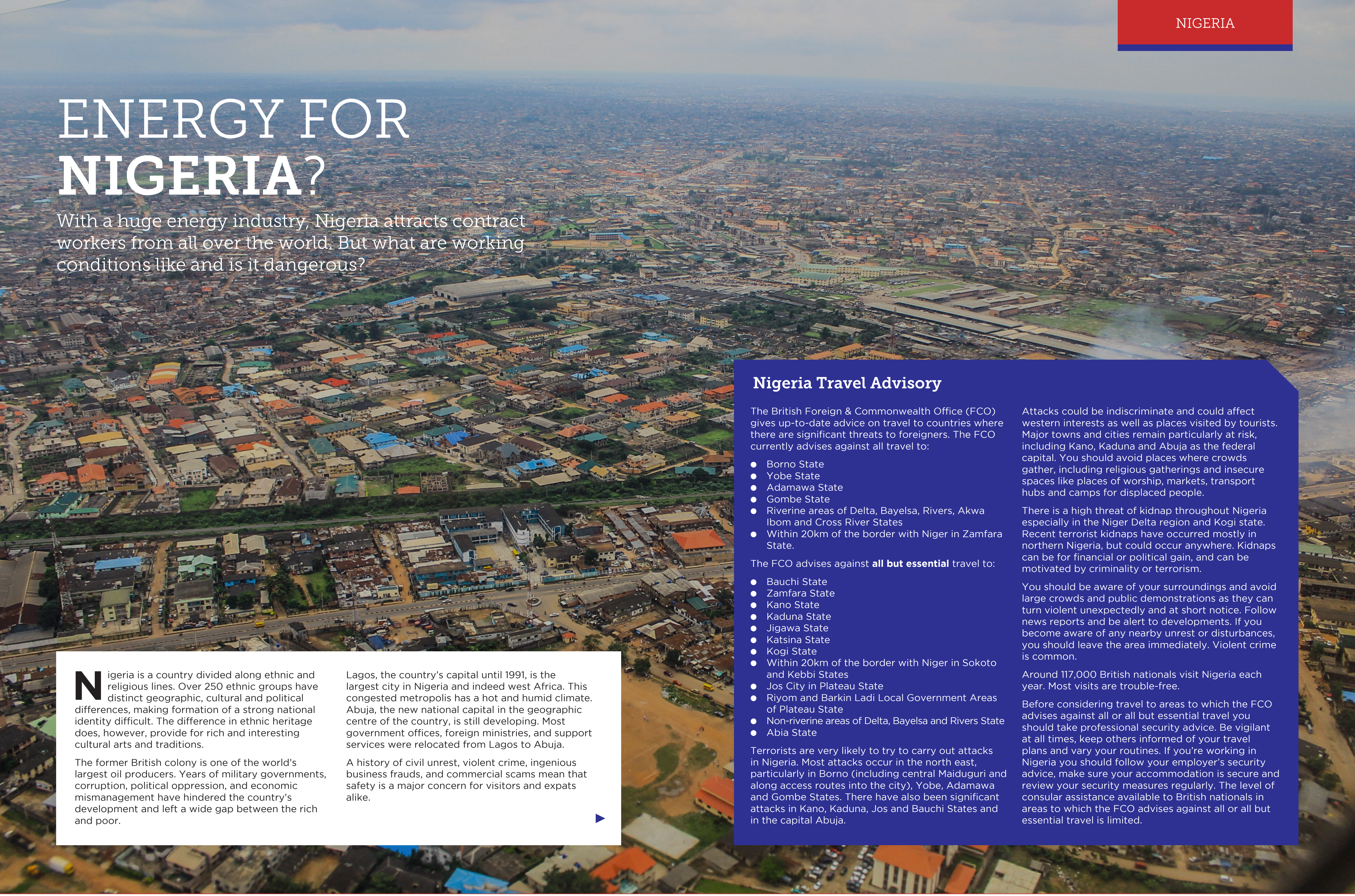

ENERGY FOR **NIGERIA**?

With a huge energy industry, Nigeria attracts contract workers from all over the world. But what are working conditions like and is it dangerous?

Nigeria is a country divided along ethnic and religious lines. Over 250 ethnic groups have distinct geographic, cultural and political differences, making formation of a strong national identity difficult. The difference in ethnic heritage does, however, provide for rich and interesting cultural arts and traditions.

The former British colony is one of the world's largest oil producers. Years of military governments, corruption, political oppression, and economic mismanagement have hindered the country's development and left a wide gap between the rich and poor.

Lagos, the country's capital until 1991, is the largest city in Nigeria and indeed west Africa. This congested metropolis has a hot and humid climate. Abuja, the new national capital in the geographic centre of the country, is still developing. Most government offices, foreign ministries, and support services were relocated from Lagos to Abuja.

A history of civil unrest, violent crime, ingenious business frauds, and commercial scams mean that safety is a major concern for visitors and expats alike.

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Nigeria Travel Advisory

The British Foreign & Commonwealth Office (FCO) gives up-to-date advice on travel to countries where there are significant threats to foreigners. The FCO currently advises against all travel to:

- Borno State
- Yobe State
- Adamawa State
- Gombe State
- Riverine areas of Delta, Bayelsa, Rivers, Akwa Ibom and Cross River States
- Within 20km of the border with Niger in Zamfara State.

The FCO advises against **all but essential** travel to:

- Bauchi State
- Zamfara State
- Kano State
- Kaduna State
- Jigawa State
- Katsina State
- Kogi State
- Within 20km of the border with Niger in Sokoto and Kebbi States
- Jos City in Plateau State
- Riyom and Barkin Ladi Local Government Areas of Plateau State
- Non-riverine areas of Delta, Bayelsa and Rivers State
- Abia State

Terrorists are very likely to try to carry out attacks in Nigeria. Most attacks occur in the north east, particularly in Borno (including central Maiduguri and along access routes into the city), Yobe, Adamawa and Gombe States. There have also been significant attacks in Kano, Kaduna, Jos and Bauchi States and in the capital Abuja.

Attacks could be indiscriminate and could affect western interests as well as places visited by tourists. Major towns and cities remain particularly at risk, including Kano, Kaduna and Abuja as the federal capital. You should avoid places where crowds gather, including religious gatherings and insecure spaces like places of worship, markets, transport hubs and camps for displaced people.

There is a high threat of kidnap throughout Nigeria especially in the Niger Delta region and Kogi state. Recent terrorist kidnaps have occurred mostly in northern Nigeria, but could occur anywhere. Kidnaps can be for financial or political gain, and can be motivated by criminality or terrorism.

You should be aware of your surroundings and avoid large crowds and public demonstrations as they can turn violent unexpectedly and at short notice. Follow news reports and be alert to developments. If you become aware of any nearby unrest or disturbances, you should leave the area immediately. Violent crime is common.

Around 117,000 British nationals visit Nigeria each year. Most visits are trouble-free.

Before considering travel to areas to which the FCO advises against all or all but essential travel you should take professional security advice. Be vigilant at all times, keep others informed of your travel plans and vary your routines. If you're working in Nigeria you should follow your employer's security advice, make sure your accommodation is secure and review your security measures regularly. The level of consular assistance available to British nationals in areas to which the FCO advises against all or all but essential travel is limited.

Government And Politics

Nigeria has been subject to military rule for most of its history as an independent republic. Governmental corruption and political harassment and violence have been commonplace. Following the return to elected civilian rule in May 1999, steps have been taken to improve the situation.

The president is both the chief of state and head of government. He is elected for a term of four years. Legislative power is vested in a popularly elected bicameral National Assembly consisting of a 360 member House of Representatives and a 109 member Senate.

Economy

Nigeria is rich in natural resources including large reserves of oil and natural gas. It also has a talented population, well endowed with business and commercial acumen. Since the return to civilian control, Nigeria has been undertaking substantial economic reform for improving a weak infrastructure, addressing corruption and poverty alleviation for the majority of its population.

The government is attempting to transform the country's oil-based economy into one that is more diversified and will help increase employment, personal income and national development.

Passports & Visas

Everyone must have either a valid passport or travel documents from the Economic Community of West African States (ECOWAS) to enter Nigeria. The passport must be valid for at least three months beyond the intended stay. Passports should be carried at all times in Nigeria.

Only passport holders from ECOWAS nations are exempt from visa requirements. All others must have a valid visa to enter Nigeria. Contact the Nigerian Embassy in your home country for a current list of citizens exempt from the visa requirement.

Some governments have issued warnings to their citizens that under no circumstances should they travel to Nigeria without a valid visa, cautioning that an invitation to enter Nigeria without a visa may indicate illegal activity. In addition, foreign citizens, upon departure, must be prepared to prove that they entered the country legally, or they will not be permitted to leave.

A child under 16 years who accompanies a parent and whose name is entered in the parent's passport does not require a visa but must complete an application form and submit one photograph. Children who hold their own passports must have their own visas and re-entry permits.

Visitor, tourist and transit visas. To travel to Nigeria as a visitor or tourist, or in transit, travellers are required to have a valid passport with at least six months of validity, a round-trip ticket with flight itinerary and a Yellow Fever Inoculation card. Tourists must submit copies of their hotel reservations. Transit visa applicants must submit onward flight tickets and visas for their destination.

Business visas. Applications for single- and multiple-entry business visas for visits of up to three months' duration must be submitted to Nigerian Embassy or Consulate in your home country. Applicants are required to show evidence that they have a return transportation ticket and adequate funds to support themselves while in Nigeria. Applications of business people should be accompanied by one passport-sized photo, a photocopy of the round-trip ticket and a letter of invitation from a firm in Nigeria. Visitors will need a contact address in Nigeria.

Long-term visas. Visas for longer than 90 days are more difficult to obtain. Applicants for visas for the purpose of long-term employment in Nigeria must first initiate the process at their local embassy for what is termed a Cable visa. Their application form is submitted via cable to the Nigerian Comptroller General of Immigration.

The approved Cable visa confirms that the potential employee can apply to the Comptroller through the Nigerian Embassy for a Subject To Regularisation (STR) visa for the applicant. It must be filled out in quadruplicate and submitted with the same documents as the 90-day visa, along with a statement of the length of the contract, four recent passport-type photographs (black and white), and a valid passport. Those engaging in temporary employment must include a work permit with their application.

The Nigerian Embassy will issue a STR visa for the foreign employee, his accompanying spouse and children for 90 days.

After arrival in Nigeria, the employee is subject to a third bureaucratic process in order to take up employment. Currently, employees are required to 'regularize' their stay from that of visitor to resident by application to the Comptroller General of Immigration, or the Immigration Command of the state of residence. It is only after this regularisation can a work permit be issued, and an employee may begin working. It is recommended that expats consult with their employer and the Nigerian Immigration Service (NIS) prior to embarking to avoid difficulties at their point of entry or work. Pending approval, a residence permit is granted by Nigerian authorities and re-entry, single or multiple entry visa as requested by the applicant.

For important, detailed information on up to date entry requirements in Nigeria, consult with appropriate embassies or consulates.

Re-entry visas. Those with resident status in Nigeria who intend to leave the country and then return must apply for a re-entry visa prior to departure.

Finding A Home

Housing arrangements can sometimes be made before arrival in Nigeria, and some companies procure housing for their employees and families before their arrival. Most expats who come to Nigeria work with real estate agents or relocation companies to find appropriate housing. Both can assist you with locating suitable neighborhoods and properties, and reviewing leasing agreements.

Check the Daily Times and the Guardian, morning newspapers in Lagos, for rental agent advertisements. Online directories are helpful also. Most expats in Nigeria rent accommodation or have it provided by their employer.

Health And Safety

Healthcare is provided through the Ministry of Health, local government organisations, and private medical practitioners. Private and public health facilities are available in all major towns and cities.

Few public health facilities currently meet North American and European standards. For the best quality treatment in Nigeria go to one of the country's private clinics or hospitals. Some of these do meet modern international standards.

If possible obtain referrals from your employer, colleagues, or your embassy or consulate before visiting medical care providers.

Doctors and hospitals may expect immediate cash payment for health services. Obtain comprehensive medical insurance with specific overseas coverage including emergency evacuation.

If you are considering traveling or living outside of the major cities, you should bring some basic first-aid equipment, including syringes.

Snakebites are quite common among the indigenous population in some parts of the country. Although the occurrence of snakebites in foreigners is quite low, travellers should be aware of the risk. You should wear protective shoes and clothing when hiking and exploring bush areas, and be aware of contingencies for emergency medical treatment and evacuation for this and other health emergencies.

Expats living in Nigeria can expect to find serious diseases, questionable sanitation, and crime and safety concerns.

Most cities do not have adequate sewage disposal and garbage is collected sporadically.

Water in Nigeria is not potable. Water for drinking, brushing teeth, and making ice must be treated; use bottled water or sterilise tap water with purification tablets.

Food in restaurants is generally safe, especially in those that cater to an international clientele. Eat only well-cooked meat and fish, and avoid salads, dishes made with mayonnaise, and pork. Avoid unpeeled and uncooked fruit and vegetables such as lettuce and tomatoes.

Cover For Energy Workers In Nigeria

Over recent years, Africa's most populous country has seen an increasingly violent rise in the tensions between its many ethnicities and faiths. Consequently visiting Nigeria can be a potentially dangerous prospect, particularly if your business takes you into or near the Niger Delta – the focus for a lot of western-managed oil and gas activity. Oil workers and foreign nationals have been a favoured target of kidnappers, and visitors might be wise to include cover for such an event, say international insurance brokers Bellwood Prestbury.

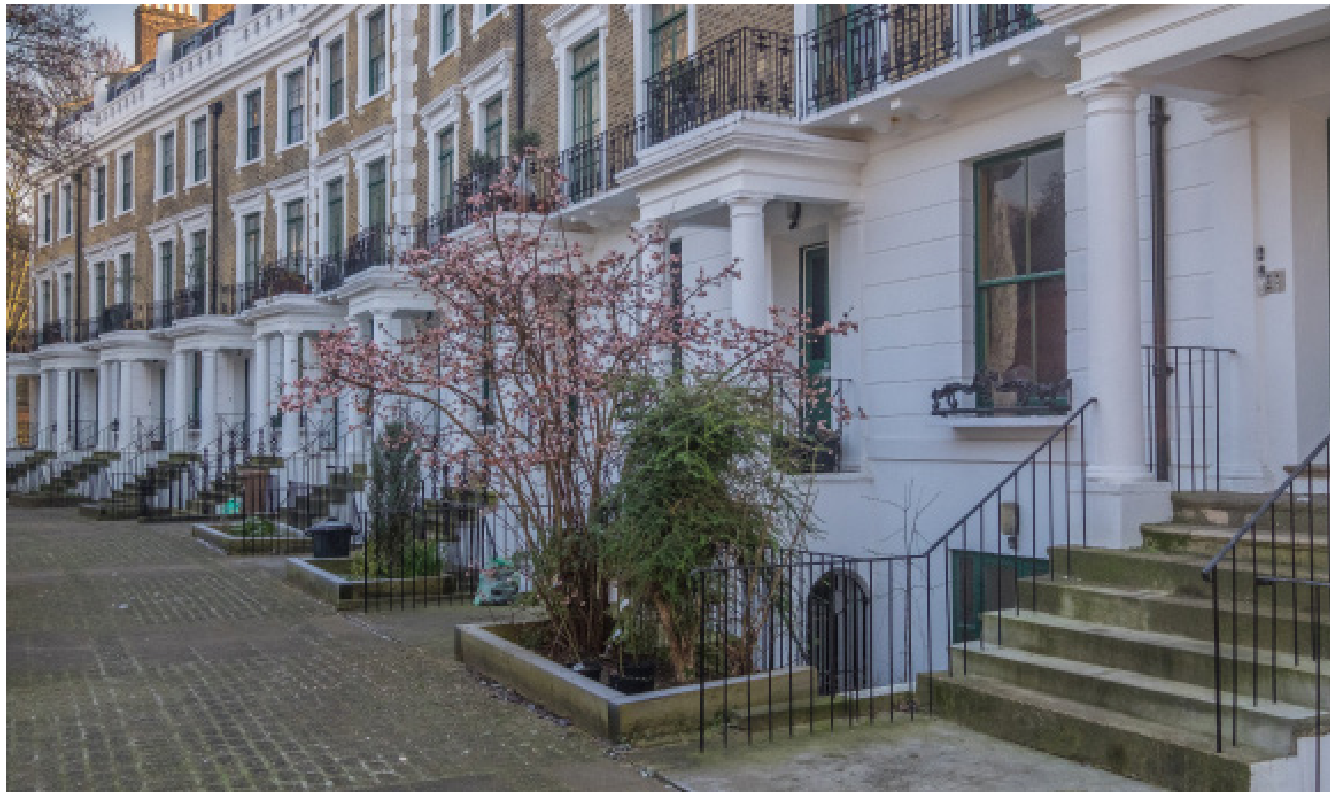
Boko Haram regularly mounts attacks in northern Nigeria. The majority of attacks occur in the north east, particularly in Borno and Yobe states where Boko Haram's operating base is. There has, however, been a significant number of attacks in other Nigerian states and further attacks could occur anywhere.

Off the coast, piracy has been plaguing shipping and oil rigs. The areas bordering Cameroon are another sensitive flashpoint for violence; political and civil unrest can break out at short notice in many places across the country. Keep up to date with news from the Foreign & Commonwealth Office and be aware that standard insurance policies may be invalid in high-risk areas or for high-risk occupations.

International health insurance in Nigeria is essential, along with cover for emergency evacuation by air ambulance in the event of serious injury or illness. Nigeria is also a country afflicted with a high incidence of malaria and waterborne disease including cholera. It's also one of the few countries left to suffer with polio so make sure you include this vaccination along with others prior to travelling.

The incidence of violent crime, such as mugging, kidnapping and carjacking has increased a lot in recent years, especially in Lagos. Be vigilant, avoid travelling alone or at night, and don't carry valuables. Make sure your Nigeria insurance has sufficient cover for your personal possessions.

There is a detailed guide to Living & Working in Africa which you can access and download free of charge in the Resources section at **www.expatnetwork.com**



UK PROPERTY **PROS & CONS**

Should you consider investing in the UK property market? Should you buy-to-let? We examine the market opportunities and important tax considerations.

UK house prices have recently shown a third consecutive monthly decline for the first time since 2009, though annual house price growth is still a positive 2.1%. Does this mean prices are starting to lose momentum?

Robert Gardner, chief economist of Nationwide building society, reckons it is difficult to say if this is due to affordability. He points out that while real incomes are again coming under pressure as inflation has overtaken wage growth, the number of people in work has continued to rise at a healthy pace. Indeed, the unemployment rate fell to a 42-year low in the three months to March.

If history is any guide, Gardner says, the slowdown is unlikely to be linked to election-related uncertainty. Housing market trends have not traditionally been affected around the time of general elections. Rightly or wrongly, for most home buyers, elections are not foremost in their minds while buying or selling their home.

Will the UK election affect the housing market? Past general elections do not appear to have generated volatility in house prices or resulted in a significant change in house price trends. On the whole, prevailing trends have been maintained just before, during and after UK general elections. Broader economic trends appear to dominate any immediate election-related affects.

While activity slowed in the period immediately following the EU referendum, this was a continuation of a trend that was driven by the introduction of additional stamp duty on second homes earlier in the year.

Nationwide say it is too early to conclude whether the slowdown in house price growth is merely a blip, a reflection of the impact of the squeeze on household budgets, or is due to mounting affordability pressures in key areas of the country. Given the ongoing uncertainties around the UK's future trading arrangements and the election, the economic outlook is unusually uncertain, and housing market trends will depend crucially on developments in the wider economy.

Household spending is likely to slow in the quarters ahead, along with the wider economy, as rising inflation increases the squeeze on household budgets, say Nationwide. This, together with mounting housing affordability pressures, is likely to exert a drag on activity and house price growth in the quarters ahead.

But the subdued level of building activity and the shortage of properties on the market are likely to provide support for prices. As a result, Nationwide continues to believe that a small increase in house prices of around 2% is likely over the course of 2017 as a whole.

Buy-To-Let

Since 6 April, UK buy-to-let landlords have begun to feel the direct effects of the next tightening of taxation of the sector. From that date, tax relief on landlords' mortgage costs is restricted to the basic rate of income tax. And, over the next three years, the proportion of their borrowing costs that landlords can offset against tax will taper down to zero.

On top of this, landlords are affected by new rules restricting other deductible expenses that they incur from renting property, including reforms limiting tax relief for wear and tear in fully furnished properties, according to the Council of Mortgage Lenders (CML). The government has published guidance and a series of worked case studies to help landlords understand how the changes will affect them. (See 'Changes to tax relief for residential landlords' at www.gov.uk).

A new raft of restrictions limiting what landlords can offset against tax follows the introduction of higher rates of stamp duty on property purchases by landlords. Since April 2016, anyone buying a second home has had to pay 3% on top of the normal rate of stamp duty applying to the property. So, each investment by a landlord will have a stamp duty bill of at least 3% and as much as 15% of the purchase price, depending on its cost.

The increasing tax burden on landlords coincides with a tightening of regulatory requirements on the buy-to-let sector. That means that, since the beginning of this year, lenders have had to adhere to the Prudential Regulation Authority's (PRA) supervisory statement 13/16. This requires firms to consider likely future interest rates over a five-year period (unless the loan rate is fixed or capped for five years or more). And specifically lenders have to:

- Stress test their lending against an expectation of an increase in buy-to-let mortgage rates of at least two percentage points; and
- Assume a minimum rate of 5.5% even if the stress test of a two-percentage point increase would actually produce a lower rate than that.

In a further tightening of regulatory requirements, firms will, from the end of September 2017, also have to apply special underwriting rules to landlords with a portfolio of four or more managed properties. The PRA has said that lending to portfolio landlords is inherently more complex because of the potential problems associated with higher debt totals, more complex cash flows, multiple tenancies and risks of property or geographical concentration.

The PRA has therefore said that lenders should take a proportionate approach based on their knowledge of the borrower, alternative sources of income and the property portfolio. They should also take into account the borrower's experience in the buy-to-let market, assets and liabilities (including tax liabilities), historical and future expected cash flows, and the merits of new lending in the context of their business plan.

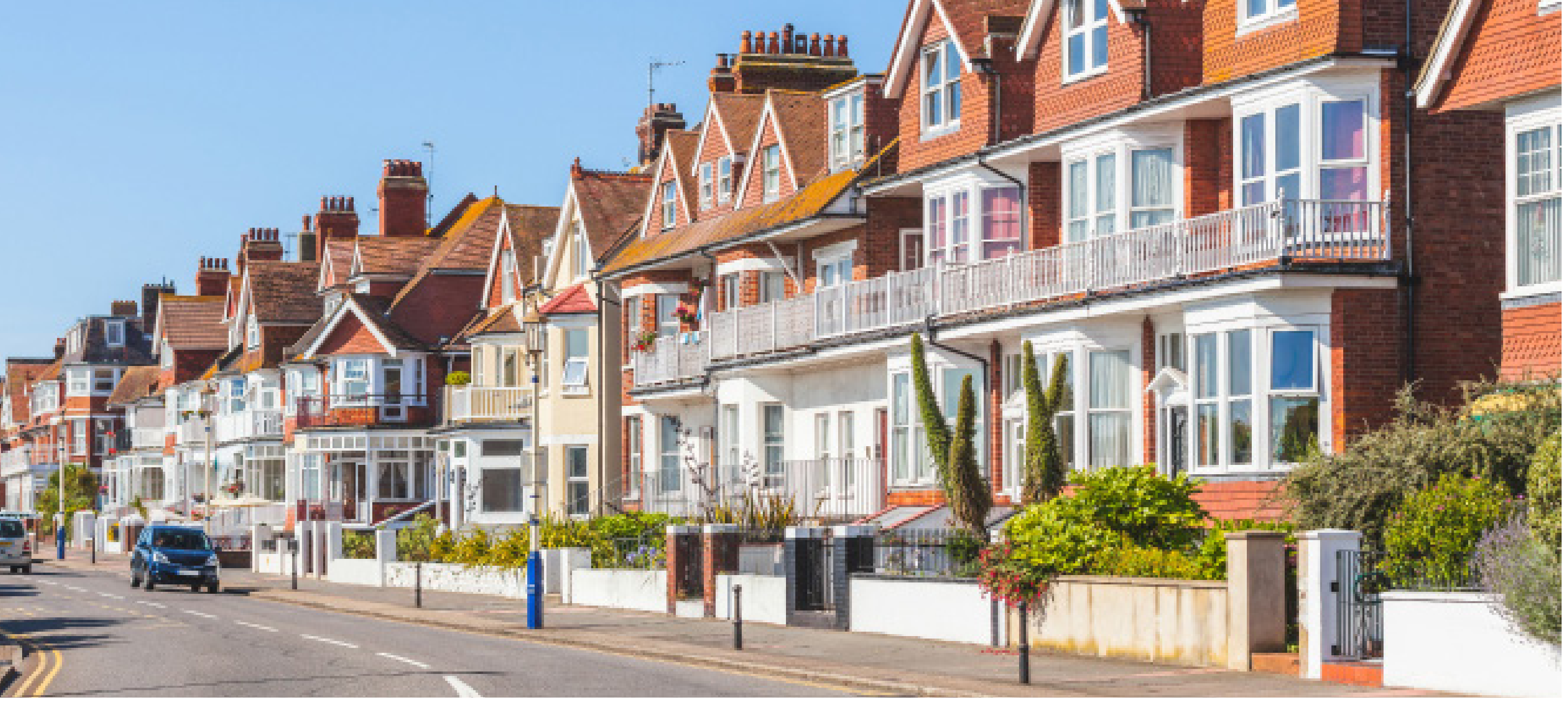
Meanwhile, the Financial Policy Committee also now has powers of direction over loan-to-value and income cover ratios for buy-to-let lending – although it has not yet used them.

Over a relatively short period, we have therefore seen the introduction of a raft of fiscal and regulatory measures that bear down on landlords and buy-to-let lending. The combined effects have resulted in a significant reduction in new property purchases by landlords. Some of the measures have also encouraged landlords to sell existing rental properties.

It is still too early to predict long-term effects of all these measures on the balance of tenure. But we may already be beginning to see the reversal of a long period of expansion of the private rented sector. Over the last two decades, the number of privately rented homes has more than doubled from just over two million to more than 5.3 million, or from 9% to 19% of households.

Some are concerned about the expansion of buy-to-let, arguing that it reflects increasing affordability pressures for owner-occupiers. But it is also true that the growth of buy-to-let has widened choice for tenants in the private rented sector and delivered higher standards of accommodation.

Buy-to-let lenders and landlords have also responded to demands for longer-term tenancies from some of those living in the private rented sector. Of course, some people choose to rent because they want short-term flexibility, but the housing charity Shelter acknowledged last year that there had been a significant shift in the availability of mortgages for landlords who would like to offer longer-term tenancies.



The CML has found that almost 40% of landlords offer longer-term leases, with a further 17% saying they would do so but there is no demand. Some other key findings from the research, which was based on a large-scale, nationally representative survey of UK landlords, were that:

- Around half of landlords had no mortgage debt at all.
- Buy-to-let landlords held larger and more valuable portfolios than other landlords, and accounted for almost half the properties in our survey.
- More than half of buy-to-let landlords had mortgage debt amounting to less than 60% of the value of their portfolios.
- More than 60% of all landlords, and around half of buy-to-let landlords, owned just one property for let.
- Landlords typically own properties close to their own home, and are just as likely to manage it themselves as to use an agent.
- A larger number of landlords were expecting to reduce, rather than increase, the size of their property portfolios – although the differential was modest. When the survey was conducted last June, a net 5% of buy-to-let landlords expected to reduce their holdings over the next year, with the proportion rising to 11% for those who thought they would reduce their portfolio size over five years. Just over one-third said that higher taxes were a motivating factor.

Buy-to-let lending continued to grow last year – as it has done since 2011– but there were some significant shifts in the balance between lending for house purchase and remortgaging. Last year, lenders advanced £14.9 billion for housing purchase and £25.1 billion for remortgaging, while, in the preceding year, they funded £15.6 billion of property purchases and £21.9 billion of refinancing.

But the data for last year also masked some major changes in activity levels before and after the introduction in April of higher stamp duty affecting landlord property purchases. In the first three months of the year, there were 49,100 buy-to-let purchases, worth £7.3 million, while, in the final quarter of 2016, there were 19,300 purchases, worth £2.7 billion (down by 61% and 63% respectively).

The announcement by the PRA of its new stress tests was a signal for many lenders to begin to tighten affordability criteria for buy-to-let landlords. This effect has also been reinforced by the tax changes affecting landlords. As a result, the CML has predicted that lending for buy-to-let house purchase reached a peak in 2015 and will decline over the next two years.

Expat Mortgage Calculator

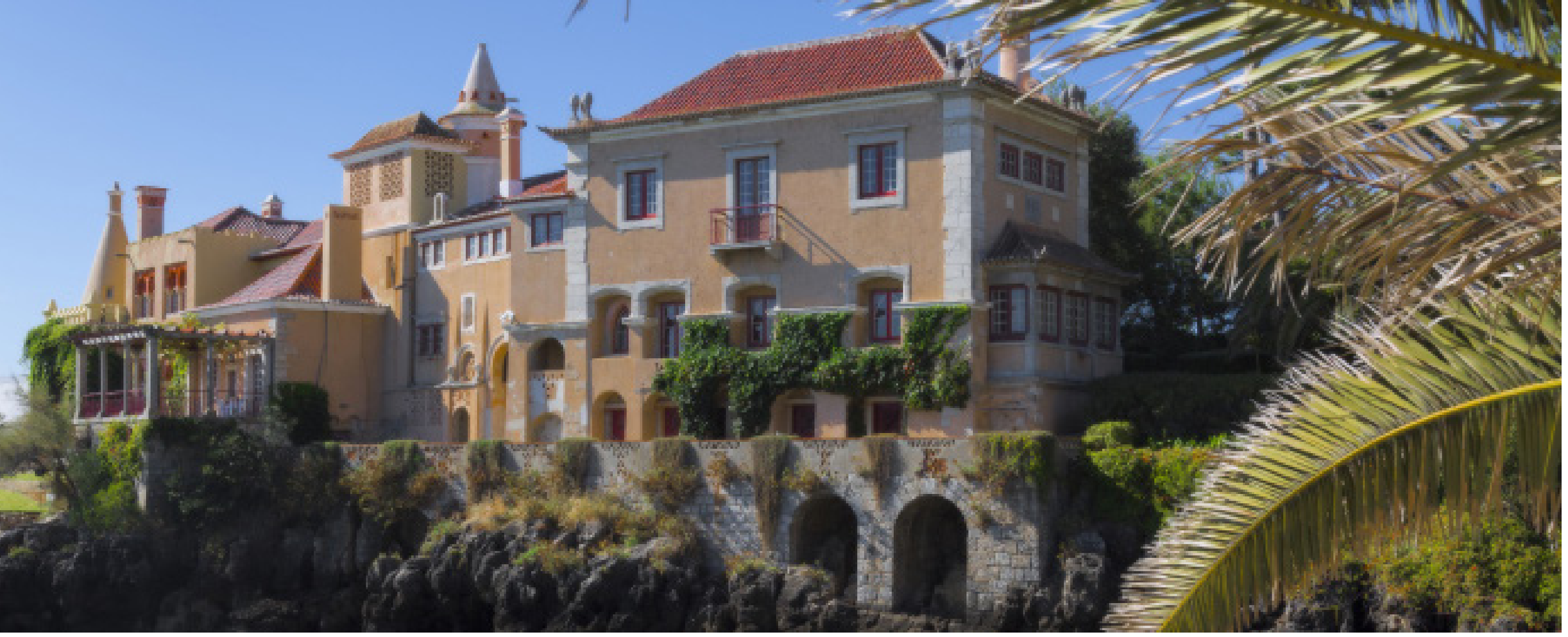
An upgraded online calculator has been launched, giving expat mortgage customers a quick guide to loan options.

The calculator, from Skipton International, uses information such as property value and rental income to show buyres the maximum amount they would be able to borrow, along with estimated monthly repayment costs, based on Skipton's mortgage offerings for the requested term. It can also give a mortgage approval in principle.

Nigel Pascoe, Director of Lending, Skipton International, said: "This is an upgrade of the first mortgage calculators available for British expats. It's designed to speed up the early stages of considering a mortgage, by giving customers a clear idea of what they can realistically expect to be able to borrow and pay back each month, based on relevant factors such as property value and rental yields."

More Property Insight

There's a wealth of UK and international property news and insight on the Expat Network website – www.expatnetwork.com – in, appropriately, the Property section.



PORTUGAL - POPULAR FOR TAX-FREE INCOME

Very popular with retiring Britons, Portugal offers sunny living, an interesting property market and important tax advantages for retirees from overseas.

Beyond its obvious sunny appeal, Portugal offers much for Britons looking to retire abroad, with the potential to receive tax-free UK income for a decade through 'non-habitual residency'.

Many Britons have discovered that the Portugal is a fantastic place to retire. It is not just about sun, sea and golf. Expat financial advisers Blevins Frank report that Portugal has actively encouraged new arrivals by offering extremely favourable tax breaks through the 'non-habitual residence' (NHR) regime.

If you qualify for NHR, you could enjoy tax-free foreign income – such as UK pensions – for your first ten years living in Portugal. Even without this special regime, however, Portugal can be a tax-efficient place to retire. First let's look at how NHR works.

What Is Non-Habitual Residence?

The Portuguese government introduced the NHR tax regime in 2009 to encourage 'high value' industries and individuals to relocate there. It offers those working in a 'high added value' profession in Portugal a flat income tax rate of just 20%, but it can also provide significant advantages for retirees.

Under NHR, most types of income that comes from a foreign source or which is taxable in another country is exempt from Portuguese taxation for ten years. In practice, this means that expats can potentially receive some UK income and gains without paying tax in either country.

UK state pension and most other pension income is taxable only in Portugal under the UK/Portugal tax treaty, but because it comes from a foreign source it is tax-free under NHR. So however you access your UK pension savings – regular income, cash withdrawals or one lump sum – you can do so under NHR without paying tax in Portugal or the UK for ten consecutive years.

Civil service pensions and other UK income and gains – which are taxable in the UK under the treaty – are also exempt from Portuguese taxation under NHR rules. This remains the case even if they are not actually taxed in Britain. UK dividends, for example, can end up being tax-free for non-residents under the 'disregarded income' rules, although gains on UK shares do not qualify for NHR exemption.

Take note, however, that exempt foreign-source income may still be counted when calculating your overall tax bill for other taxable income or gains in Portugal.

How Do You Access NHR Benefits?

To be eligible for NHR you cannot have been resident in Portugal within the last five years. You also need to meet the usual residency requirements, such as spending at least 182 days in Portugal or having your main home there.

It is possible to backdate your NHR application to the date of your arrival. If you have recently arrived in Portugal or are thinking about making a permanent move here, you will need to register with the Portuguese tax authorities by 31st March 2018 for it to apply to this tax year.

Does Brexit Pose A Threat To NHR?

As a tax initiative managed by the Portuguese government, NHR is independent of the EU and available to any foreign national that meets the eligibility requirements. As such, Brexit will have no effect on whether Britons will continue to qualify for the scheme.

Of course, to be eligible for NHR you need to meet Portuguese residency rules, so if you are thinking about applying, it will be much easier to do this now with full freedom of movement as an EU citizen.

However, as with any law, the government can change the rules. Even if Portugal maintains NHR, it is possible that Britain may negotiate special exemptions to claim tax revenue from UK nationals resident abroad.

In November2016, the Finnish government did just that with a new bilateral agreement that lets them tax pension income of Finnish nationals with Portuguese NHR status from 2019. With Brexit forcing new negotiations between Britain and Portugal, the UK has a similar opportunity to plug the expat pensions tax leak without being constrained by EU obligations.

Taxation Outside NHR

Even without NHR, Portugal offers attractive tax benefits for expats. While UK pension income outside the NHR regime attracts the usual scale of Portuguese income tax rates up to 48%, in some circumstances you can receive up to 85% tax-free. Local inheritance tax (stamp duty) is also relatively benign – only applying to Portuguese assets at a fixed rate of 10%, with exemptions for spouses and child beneficiaries. Portugal also offers opportunities to enjoy extremely favourable tax treatment on capital investments.

Overall, Portugal has much to offer Britons looking for a relaxing – and tax-efficient –retirement in sunnier climes. Making the move under today's rules is relatively easy, but no-one knows what will happen post-Brexit, so consider acting sooner rather than later if you want to secure that dream retirement in Portugal. However, as with anything to do with your financial security, take personalised, regulated advice to establish what is best for you and your family.

Portugal's Golden Visa Scheme

Portugal's Golden Visa Scheme, which launched in 2012 as a way of attracting Non-EU buyers, was the first of its kind in Europe. It requires a minimum investment of €500,000 in property (or for properties older than 30 years, or situated in urban regeneration zones, the minimum investment is €350,000).

Alternatively, you can invest 1m in Portuguese companies, set up a business that creates ten jobs or invest at least €350,000 in scientific or technological research, according to expat financial advisers Blevins Franks.

In return, investors receive a temporary one-year residency visa, which can be renewed for up to five years in total. After six years, the holder can apply for Portuguese nationality.

The requirement to spend time in Portugal is minimal – just seven days in the first 12 months and 14 days a year for the following four years. Investors cannot sell their property for at least five years and to obtain Portuguese citizenship, you need to demonstrate an ability to speak the language and, less easy to qualify, show that you have made the effort to integrate.

Although British buyers will be eligible to buy properties through the Golden Visa route after the UK leaves the UK, the scheme was set up largely to attract wealthy non-European buyers from the likes of the Middle East, Russia and China, with the cost of obtaining the visa alone being €30,000.

There is a detailed guide to Living in Portugal which you can access and download free of charge in the Destination Guides section (under Resources) at **www.expatnetwork.com**.

Buying Property In Portugal

Portuguese estate agents must be licensed and qualified, so ask to see their INCI certificate and AMI licence. With typical agent fees of more than 5%, private sales are common – look out for boards saying vende-se or para venda, writes property correspondent Christopher Nye.

Among Portugal's largest online property portals are casa.sapo.pt and imovirtual.com, or a specialist such as meravista.com in the Algarve. Although the agent is paid out of the sales price, the buyer should budget for an average of 10% extra in fees and taxes.

Portuguese euro mortgages are available both to buy and to renovate a property. The maximum loan-to-value is 80% and rental income generally cannot be included in your calculations. You will need to pay an arrangement fee of 1.5–2% of the loan value, and pay for life assurance cover.

Your first step when looking seriously at buying should be to engage a lawyer – advogado – who is independent of the agent or developer. Being able to communicate with them, of course, is vital and there are English-speaking lawyers available in popular areas and cities.

When you find a property it is quite common to be asked for a modest (less than €3,000) deposit to take it off the market. It should be clearly stated to be refundable under certain conditions, such as a legal issue that cannot be resolved, or a survey – inspecao – that turns up something nasty. It should also be kept in a separate escrow-style account.

Avoid agreeing to under-declare the purchase price to avoid tax: it is quite a common practice but is illegal and could cost you extra in capital gains when you sell, unless you continue the deceit.

You will need to obtain a tax card and identity number (Cartão de Contribuinte) and NIF – a simple process of attending the local tax office with your passport and the small fee and filling in a few forms. Often the estate agent will be only too keen to help you with this.

Over the next few days your lawyer should be making the basic legal checks of the Land Registry to check the title is clean, checking basic features of the property such as boundaries, that there are no debts on the property or unresolved planning issues, that it has a habitation licence, and that your own plans for the property such as new buildings, extensions, use for rural tourism perhaps, are likely to be allowed.

Only when these are done should you sign the promissory contract – Contrato de Promessa de Compra e Venda (CPCV). This is signed at the office of the local notary, a government official whose job is to witness officially a legal document. They will not give advice and cannot replace the security of using your own lawyer. If attending in person is difficult at this stage or completion, you can appoint power of attorney to a representative.

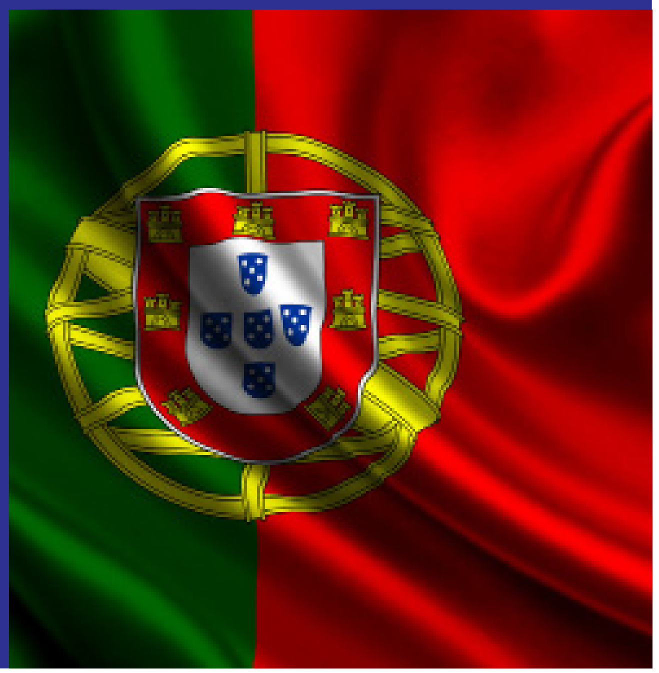
The CPCV contract states details about buyer and seller, the property including fixtures, fittings and completion date for new homes. It is legally binding and backed with a 10% deposit that you pay at this stage. From now, if you pull out you lose all the money you have paid so far. If the seller pulls out he or she must pay you double the deposit.

It is back to the notary's office to complete the process by signing the public deeds, the Escritura de Compra e Venda. It is sensible, and some notaries insist on it, to have a translator with you. At this point the notary will witness your payment of the balance as well as all taxes and his own fees. Your lawyer should then send the deeds to the land registry, your ownership will be officially recorded and new deeds issued.

At or before completion you will pay taxes and fees, the biggest of which is property transfer tax (IMT). There is nothing to pay on the first €92,400 but thereafter it is 2% rising to 8%.

Stamp duty is 0.8% of the purchase price. The notary charges around 1% of the purchase price, the survey if you have one is another 1-2%, your lawyer also 1-2% and the land registry 0.5%. Those fees are subject to VAT (IVA) of 21%. You will also pay the IMI in advance, which is a kind of council tax.

Please note, tax rates and average professional fees are subject to change.



HOME COVER FROM AFAR

Do you have adequate insurance to cover your property back in the UK? Do you need to take out a specialist expat policy?

If you own a property in the UK, do you intend to leave it empty, or are you going to rent it out? Leaving it empty affects your mortgage, council tax and home insurance.

There are three things you must do. First, contact your mortgage lender to let them know you are going abroad and leaving the property empty, and make sure they are satisfied with this. You need your lender's permission to rent out your property. Then contact your local authority, as leaving an empty property may affect the way you are assessed for council tax.

Importantly you should also get in touch with your home insurer and find out if you are in breach of the terms of the policy. It may be that you have to arrange for someone to visit your property regularly and check on it. Or you may need a specialist insurer to cover the property if it is being left vacant.

If you own your own home, you'll need to have buildings cover just in case your home is damaged and needs a repair, says the UK's Money Advice Service. It's usually a condition of your mortgage and, if you're a landlord, it's your responsibility – not your tenants. Although it's not compulsory, if you own your own home this sort of insurance should be a top priority.

Home insurance is a general term used to describe two very different types of insurance:

- Buildings insurance – for permanent fixtures and fittings, like kitchens and bathrooms.
- Contents insurance – for things you keep in your home, like furniture, TVs, personal belongings and some types of flooring including carpets.

You can buy both types of insurance separately, or in many cases, you can get them as a joint policy from one insurance company.

Buildings insurance is a policy which covers damage to the structure of your home such as the walls, roof and floors. It usually covers damage to fixtures and fittings too. So if you've got a fitted kitchen or bathroom, your insurance is likely to pay for any repairs you need.

Buildings insurance covers the cost of repairing or rebuilding your home if it's damaged. Policies vary from one insurer to another in exactly what events you're covered for. However, generally speaking you'll be able to claim if your home is damaged by:

- Vandalism
- Subsidence
- Falling trees
- Fire, smoke, explosions
- Car and lorry collisions
- Water damage from leaking pipes
- Oil leaking from your heating system
- Natural events such as storms and floods.

Depending on the type of policy you get, it might also cover other structures around the home such as garages, outside walls and driveways.

You won't be covered for general wear and tear and each policy will have its own exclusions (things you won't be able to claim for). These often include damage caused by:

- Leaking gutters
- Some pests (for example, insects and birds)
- Frost (unless it causes damage from a burst pipe).

You can't normally claim for loss or damage which happens while your property has been left unoccupied for more than 30 or 60 days. Many insurers will let you arrange cover if you let them know in advance.

Exclusions vary from one policy to the next so make sure you read the policy carefully.

Your mortgage will usually include having buildings insurance as a condition, so not having a policy in place could put your mortgage – and your home – at risk. If you're renting a property, it's your landlord's responsibility to sort out a buildings insurance policy. If you're a tenant, you might want to consider taking out home contents insurance cover.

If you own a leasehold flat, the building might be insured by the landlord who owns the freehold. Your solicitor will be able to advise you if your lease means you have to take out buildings insurance. If you live in a flat where the leaseholders have clubbed together to buy a share of the freehold from the landlord then you might have to arrange buildings cover. You can do this individually, but it might be cheaper and easier to get together with people in the other flats and take out a block policy to cover you all.

The pros and cons of buildings insurance include:

- Repairing your home can be expensive and it costs an average of £265 a year for buildings only policies (Source: ABI Premium Tracker). Comparing the various policies on offer can save you some money.
- Insurers are adding more and more exclusions to their policies so you'll need to read the small print carefully.
- You might have additional excess limits on your policy, for example up to £1,000 for subsistence claims, but this can still be cheaper than paying the whole lot.

Things to check for when comparing policies:

- Index-linked cover - will the amount of cover increase to meet the increasing cost of building materials?
- Unlimited sum insured - with a lot of insurers nowadays, and especially when buying online, the sum insured is set very high and your premiums will be fixed so you won't be able to reduce the sum insured to get a cheaper premium.
- Alternative accommodation - will the insurance pay for you to live somewhere else if you can't live in your house after it's damaged – for example by a fire or a flood?
- Excess -how much will you need to pay yourself if you make a claim?
- Escape of water - are you covered for damage from burst pipes or water tanks?
- Home Emergency Service - some policies include cover for heating and plumbing repairs along with other home emergencies as part of their standard policy. For others it's an optional extra. Shop around because policies vary widely.
- No claims discount - will you pay less on your premiums if you've gone for a while without making a claim?
- Different insurers will provide different levels of cover in their policies - so keep an eye out for where the differences lie and make sure you get the cover that you need.

Your Home's Rebuild Cost

The rebuild cost is the amount it would cost to completely rebuild your home if it was destroyed beyond repair, according to the Association of British Insurers. It includes the price of labour and materials. This cost is usually lower than your home's sale price or market value. Basing your policy on your home's rebuild cost will prevent you from over-insuring and paying higher premiums than necessary.

If your home is made of non-standard materials (not brick-built) or has specialist architectural features, its rebuild cost may be higher than its market value. In this case, insure your home against the higher rebuild cost not the lower sale price or market value to avoid any insurance shortfalls.

If you own a standard, brick-built home there are two ways to calculate your rebuild cost:

- Use the Building Cost Information Service's house rebuilding cost calculator
- Hire a chartered surveyor to carry out a professional assessment.

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MOST EXPENSIVE **EXPAT CITIES**

Zurich is the most expensive city in Europe for expats in the latest Cost of Living rankings by ECA International (ECA).

Despite little change in prices compared with the previous year, Swiss cities continue to dominate the global top ten – with Zurich third, Geneva fourth, Basel fifth and Bern sixth.

"The comparative strength of the franc has contributed to Switzerland remaining as one of the most expensive countries surveyed in the world. Despite prices hardly rising in the previous year, Swiss cities dominate the top of the rankings," said Steven Kilfedder, production manager, ECA International.

The Cost of Living Survey compares a basket of like-for-like consumer goods and services commonly purchased by international assignees in over 460 locations worldwide.

UK cities have dropped as many as 68 places from last year – their lowest ever recorded.

Central London is now 132 in the world, down from 65 last year, its lowest recorded since the survey began ten years ago. Central London sits just above Addis Ababa, in Ethiopia, in the global rankings, and has now been overtaken by Rio de Janeiro (88t), Bangkok (116) and Dublin (120).

"Thanks to the weakened pound, UK businesses are paying more to send staff to work overseas, but it is cheaper to bring staff to the UK," stated Kilfedder. "UK locations have seen the most dramatic decline in Europe this year and the fifth-largest decline in the world - behind cities in Sierra Leone, Nigeria, Egypt and Ghana in Africa. All ranked UK cities have dropped below regional rivals Paris, Berlin and Brussels in the rankings."

The strengthened rouble has led to Moscow climbing the global rankings by 125 places this year to 56. However, it has a long way to go to reach the heights of five years ago when it was ranked 13 in the world. St Petersburg has also shot up the rankings this year, joining Moscow in the European top 20 and climbing 105 places in the global rankings – now sitting at 118.

The relative decline of the euro between surveys has seen most Eurozone locations fall in the global rankings with French, Dutch and German destinations among those falling most in the past year. Berlin has seen the most significant decline in mainland Europe, falling by 28 places to 122.

Luanda has risen from eighth position last year to top ECA's global rankings this year.

"The cost of goods typically purchased by international assignees in Luanda, which was already high due to poor infrastructure and high oil-fuelled demand, has been pushed much higher in the last year. The Angolan kwanza is increasingly overvalued, which pushes up relative costs, while the continued weakness of the black-market exchange rate has also inflated the price of imported goods," added Kilfedder.

Sydney remains the most expensive city in Australia. It currently ranks 50 in the global rankings, up from 70 last year. All ranked locations within Australia rose in the global rankings this year, with Adelaide rising the most, by 34 places to 75 – although it is still the cheapest ranked location in Australia.

Caracas, in Venezuela, climbed a dramatic 252 places in the past 12 months, and is now ranked ninth in the world, "though this ranking is likely to change considerably in upcoming Cost of Living Surveys given ongoing exchange-rate volatility," added Kilfedder. Buenos Aires (35), Sao Paulo (85), Rio de Janeiro (88) and Montevideo (97) also re-entered the top 100 most expensive locations in the world, with Brasilia reaching 103, up 106 places since last year.

Although falling a few places this year to 23 globally, Manhattan remains the most expensive location in North America for expats.

Hong Kong is up one place from second position in the regional rankings. From a global perspective, it has climbed seven places to become the second-most expensive location for expats – its highest ever rankings on both fronts. Since 2011, Hong Kong has risen steadily in both the regional and global rankings.

All surveyed locations in China remain in the top 100 most expensive in the world, with Shanghai peaking at 13. Even though all ranked Chinese cities fell in the global rankings this year, they're far more expensive than five years ago – with cities there rising by over 52 places on average.

Global Top Ten Most Expensive Locations For Expats

Country	Location	Ranking 2017
Angola	Luanda	1
Hong Kong	Hong Kong	2
Switzerland	Zurich	3
Switzerland	Geneva	4
Switzerland	Basel	5
Switzerland	Bern	6
Japan	Tokyo	7
Korea Republic	Seoul	8
Venezuela	Caracas	9
Sudan	Khartoum	10

WILL CARE VISITS TO UK AFFECT **TAX STATUS**?

Our readers regularly ask us questions about their expat finances. Our panel of experts is happy to help.

My wife and I have permanent residence in Bermuda. We are returning to the UK for maybe several months to assist with the care of my elderly father. Will we become resident in the UK at some point and subject to UK taxes?

Jason Porter of expat financial advisory firm Blevins Franks answered this question.

"Basically, if you spend more than 183 days in the UK in a tax year (6 April 6 to 5 April), then you are tax resident in the UK. The number of days falls depending upon the number of ties with the UK. The ties are:

- Family members in the UK (for example a spouse or children)
- Accommodation, that is a place to stay which is available to you for a continuous period of 91 days (thus excluding hotels)
- 40 working days of three-plus hours per day or more in the UK
- More than 90 days spent in the UK in at least one of the previous two tax years
- You have spent more days in the UK than in any other country during the tax year.

"Understanding how many ties which are required to determine your residence status will depend on the number of days you spent in the UK during the tax year:

Days spent in the UK in the tax year under consideration	UK ties needed to be considered a UK resident
16-45	At least four
46-90	At least three
91-120	At least two
Over 120	At least one

"The tax guidance says that days spent in the UK may be ignored if the individual's presence in the UK is due to exceptional circumstances beyond their control. These circumstances could include civil unrest, natural disasters, outbreak of war, sudden serious or life threatening illness to the individual, their spouse, children or cohabitees.

"The guidance does not include parents, so you may have to depend upon day-counting."

Understanding Expat Medical Insurance

A new website, expathealthcare.com, provides fully-independent answers to the many questions you may raise as an expat about making sure you are healthy – and have proper insurance cover – while overseas.

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