



## **Guide to Property Purchase in Spain**

Before you have decided on a property in Spain it is important to be fully aware of the legal process and costs involved in your property purchase. The following is intended as a guide only and is in no way a substitute for professional advice.

### **Appointing a Fiscal representative, solicitor(abogado)**

Whilst it is not a necessity to have a solicitor to purchase a house in Spain, it is highly recommended. They will be able to check out any outstanding debts which exist on the property as well as help with contracts and NIE numbers..You are free to appoint a solicitor of your choice.

### **NIE number(Numero de Identificacion de Extranjeros).**

It is essential to have an NIE number for any financial dealings you may have in Spain. This is a simple, but sometimes lengthy process which involves filling in a form with your solicitor, you also need to supply a colour 'passport' photo, a photocopy of your passport and your passport, the solicitor will then obtain your NIE number from the local police station.. The NIE number can take anything from 1 week to 5 weeks to be obtained and we strongly advise you to apply for one as soon after you arrive in Spain as possible. The price for this is generally included in the fee for the conveyancing however, if you wish to apply for one earlier the fee is normally around 60 Euros.

### **Applying for a Bank Accounts**

Whilst it is not a necessity to have a Spanish Bank Account to purchase a property in Spain we strongly recommend it. We can help you to open an account at the bank of your choice. The cost of opening a bank account for 'non-residents' is around £10 for the administration fee.

### **Applying for a Mortgage**

You can choose to apply for a mortgage in Spain or from the UK. Mortgage rates in Spain tend to be lower than those in the UK currently around 3.5%.

Applying for a mortgage in Spain is a straight forward process, as in the UK. You will need to prove that you have an income or sufficient funds to pay the mortgage. The level of mortgage offered is directly dependent on your financial status and also the declared value of the property you wish to purchase.

There are generally 2 levels of mortgage offered, one for residents and one for non-residents. For non-residents the mortgage offered is generally around 60% of the declared value, for residents it is usually around 80% of the declared value of the property.

### **Purchasing a Property**

Once you have decided on the property you wish to purchase and the terms and conditions have been negotiated with the vendor then a deposit of 10% of the purchase price is required to secure the property and as official confirmation of your intent to purchase that property. The remaining 90% is payable on the signing of the title deeds before the Notary.



## Guide to Property Purchase in Spain

If you are purchasing a **new construction** then the constructor will ask for stage payments to be made on the property. These can vary dependent on the constructor.

Your appointed solicitor will then carry out all necessary searches on the property; to ensure that it is owned by the vendor, it has planning permission, there are no outstanding debts or charges on the property and other legal encumbrances.

Once the searches on the property are satisfactorily completed and the deposit has been paid in accordance with the terms and conditions of the contract then the title deeds are signed by both the buyer and the seller before the Notary.

### **The Notary(Notaria)**

This is a solicitor appointed by the Spanish government to witness the signing of all legal public documents. In this case the title deeds(escritoria) of the property. He represents both the buyer and the seller. The Notary fees are around 2% of the purchase price of the property and must be paid at the time of the signing of the deeds. The Original signed document is retained by the Notary who will apply for a formal change in the land registry. The purchaser will receive an initial legal copy of the title deed which is signed and stamped by the Notary. The official title deed can take a while to be processed and until then this is your official proof of ownership and must be kept in a secure location.

### **Taxes**

We recommend that you allow a sum of around 10% of the price of the property to cover payment of purchasing fees e.g. land registry fees, notary fees, legal fees and taxes.

### **Transfer Tax**

This is paid by the purchaser and is a standard 7% tax applied to the declared value of the property. This tax must be paid within 30 days of signing the title deed.

### **Plus Valia (land/capital gains tax)**

This is generally paid by the owner when they sell the property.

Transfer tax is calculated on the increase in the value of the land from when it was last sold. The calculation is based on the ratable value of the property and is a 'one-off' payment.



## **Guide to Property Purchase in Spain**

### **Tax on Rental income**

Britain and Ireland have a double taxation treaty with Spain. The standard rate of tax in Spain is 25% and is paid on the declared income from the property. The minimum declaration is 2% of the value of the property. The rental income must also be declared to the inspector of taxes in Britain or Ireland. You can obtain a tax clearance certificate from the Spanish tax authorities which is then passed to the inspector of taxes in your country, this can be obtained by your solicitor. You will be asked to pay full tax on the property in Ireland but the 25% already paid in Spain will be refunded. It has been law since April 1998 that residents of the Irish Republic declare all foreign assets.

### **Rates**

This is like the old English rates system and is based on the declared value of the property. The average price paid is around 120 Euros per year.

### **Community Fees**

These are payable yearly and the average price is 120 Euros per year. These are paid in respect of services ie. Street lighting, refuse collection, police.

### **Water**

If your property has a mains supply then there is a standard charge for water which is approximately 12 Euros payable every 3 months. The charges for consumption are in addition to this.

If you have a supply from a balsa, underground store, then the fees are dependent on consumption and are payable when the water is delivered.

### **Electricity**

This is very dependent on how much you consume, there is a standard charge of around 12 Euros payable every 2 months and then a charge for consumption in addition to this.

### **Telephone**

The standard charge for a telephone line installation from Telefonica is around 180 Euros. The line rental and call charges are then payable every 2 months.