



Want to buy a property? Take care of the followings.

1. Spend some time looking around and find the area you would like to live in. Don't forget the location/price factor, even within a small village prices can vary from area to area.
 2. When buying a resale property a Contract of Sale & Purchase is drawn up and a deposit is paid, normally 10% of the agreed sale price, although this is negotiable, and the contract is by both parties, Vendor(s) and Purchaser(s). This commits both parties to the price and condition of the Contract.
 3. Ask us to show you a copy of the deeds of the property (Escritura) to verify that the people who are selling are the owners of the property. Also a copy of a document from the Land Registry (Nota Simple) which shows if there are any mortgages or other encumbrances registered against the property.
 4. Ask us to explain any costs such as community fees and the cost of the transaction.
 5. A contract drawn up by our agency will include:
 - The price and conditions of payment.
 - All charges on the property which are the responsibility of the Vendor up until the day of signing.
 - A complete description of the property, size in square meters.
 - Full registration details of the Land Registry.
 - A clear explanation of payment conditions.
 - A clause verifying the fact that the property is free of sitting tenants.
 - Unless otherwise agreed.
 - A complete inventory of furniture if sold furnished
 - A penalty clause with a specified date for payment and a back out clause.
 6. The purchase is formally completed when the public title deeds of purchase-sale are signed before a Notary Public, the agreed payment of the price paid and the possession given to the buyer.
 7. Four or five days after completion, the deed is collected from the Notary's office. With the original deed, all the relevant transfer taxes are paid in the different tax offices and eventually the deed is taken to the Land Registry in order to procure formal registration of the title to the property.
 8. Depending on the Land Registry of the area, registration may take about 1 month. The Land Registry will then give notice to the lawyer that the registration has been completed and the deeds are available for collection. Land Registry fees are paid then.
- During the interval, as from the moment of signing, the purchaser can have a copy of the records by requesting from the Notary Public a 'copia simple'.

Property purchase costs

Basically there are one tax and two fees which have to be paid on the transfer of a property. The two fees are for the public contract on the Notary of the deeds and for its registry. According to the current law the notary fees are split between the buyer and the seller and the registry fees fully correspond to the buyer. Usually the buyer pays all of the costs arising from the transfer. In the case of a company selling the rate of VAT is 7% on the declared price on livings and 16 % on other properties and a 1% stamp duty which is added to the aforementioned VAT. Non-company sales have a tax on Patrimonial Transfer, generally 7%. By law this payment corresponds to the buyer. There is another tax that is called Plusvalia, which is

charged for the local municipalities on the increase of the value of the land since the previous sale. It is not based on the seller's capital gains tax but on a number of calculations and values set by the Town Halls. This tax, according to the law it is the seller's responsibility, but some times it's an element to negotiate.

Tax obligations for foreign owners non residents.

State taxes.

Here there are only some guidelines about the general case of non-resident who owns just one property in Spain, which is simply for private use. Other cases, should require specialized advice by your solicitor.

A. Tax on the income of natural persons (I.R.P.F.). Generally the property is simply for private use and, therefore, it does not generate income. In this instance is also subject to taxation, as the sum resulting from the application of the 2% cadastral value (which appears in the yearly local rate bill or IBI), is considered as income.

B. Wealth Tax (Patrimonio). % of the value declared in the Purchasing Deed.

payment goes from the 1st of January until de 31st of December every year, and the tax paid corresponds to the previous natural year. This must be paid at the Tax Department. It is the obligation of the owner through his solicitor to fill in and serve the tax return at the Spanish Treasury.

Both taxes are paid on a yearly basis. The term for the

Local taxes.

Tax on real estate (I.B.I.). This is a direct tax with real value (on the house). Each Town Hall Council determines the percentage to be applied to the official value of the property within the limits laid down by the law. It is paid annually.