
"One's destination is never a place, but a new way of seeing things"

Henry Miller

INTRO

The warm and predictable climate, a unique blend of modernisation and ancient beauty, endless stretches of coastlines balanced with inland mesmerising heritage, an inviting laidback Mediterranean lifestyle that makes Spain a paradise for people around the world. No wonder so many aspire to acquire a property there, whether to make it their new home, or as an escape for weekends and holidays with family and friends.

Buying abroad can be a very complicated affair. Spain is no different. Our mission is to make it straightforward and hassle free for you the buyer, so you can enjoy the outcome, as well as the journey. We will be with you during the all process, and below are a first few simple steps, and guidance to help you prepare for this exciting journey ahead.

MONEY MATTERS

One of the first steps should be to precisely work out your budget. In addition to the cost of the property itself, there are a number of legal and tax obligations that will need to be budgeted for, and paid by you, the buyer. This will vary slightly from one region to another, if you purchase a new build from a developer or if it is a resale from a private individual, and whether you take on a Spanish mortgage.

12 - 15% should be added to the price of a property as a guide. Below is a breakdown.

1. Tax on New Build from a Developer or plots of land

VAT (IVA) & Stamp Duty (Actos Juridicos Documentados – AJD). These taxes apply for residential properties being sold for the first time (never occupied before).

- TVA (IVA) is 10% on the purchase price of a residential property.
- Stamp Duty (AJD) is between 0.4% and 2% on the purchase price depending on the property.

2. Tax on resale from a private individual

Transfer tax (Impuesto Sobre Transmisiones Patrimoniales – ITP). This tax applies if the property is deemed to be a second or posterior transfer (not the first time the newly built home is bought). ITP varies pending the area; the current ITP rate within Valencia region is 10%, while in the Balearics it is 8% to 10% of the purchase price. See below.

- 8% on the value of up to €400K
- Then 9% on the following €200K, between €400K <> €600K
- Then 10% on the value above €600k

A buyer will only pay IVA/AJD (1) or ITP (2) not both. Payment is due within one month of the completion to the local Govern, local government.

Costs related to both new build and resale

Public Notary fees

Employed by the government, the role of the Notary is to oversee and rubber-stamp the paperwork in a property transaction, check all necessary taxes are paid and register the property with the Land Registry.

- **Notary fees are between 0.5% and 1% of the property price.** This varies according to the property size and the number of Registries. Paid by the buyer.

Lawyer (Abogado) fees

Although not compulsory by law, it is highly advised that you use the services of a qualified and competent local lawyer to see you through to completion. The legalities surrounding buying a property in Spain can be complex. Your lawyer will do the important Due Diligence legal checks, draft contracts that will represent your interests and protect your investment, and will advise on tax and inheritance aspects. We will recommend you a trusted local lawyer (English speaking) registered with the British consulate.

- **Lawyer (Abogado) fees, normally 1% + VAT of the property price.**

Property Registry inscription fees

Inscription of the sale with the Land Registry is also paid by the buyer. That varies upon the property and the area, but **usually around 1% of the purchase price.**

Mortgage costs

Spanish banks can lend between 60 & 70% to non-resident. This amount will be based on the valuation of the property. The application cost will vary according to the purchase price of the property.

- The mortgage provider will require a property valuation. Around €400.
- The cost of the mortgage will vary from provider, but 1% (of the mortgage) is common practise.
- Finally a mortgage will increase the Notary fees.

Important note: Money transfer

This step shouldn't be overlooked, and early planning might save you money. To pay for the property, you will more likely need to write a banker's cheque. To do so, you will need to open a Spanish bank account and transfer money from your home country. Please check rate and transfer cost with your bank, as this will vary from one bank to another.

Bank to bank transfer can be expensive and risky as opened to currency exchange rate fluctuation. An alternative is to use a Currency Exchange Company, which has funds in both countries. Currency exchange rate can be negotiated and locked for up to a year on regular payments from the UK to overseas destinations. You can deposit your money in an account in your home country, and the money is then taken out of an account in Spain. It isn't transferred as the money is already there, which can save you cost depending on the company you use.

FINDING THE PROPERTY

Finding a property in Spain can be a complicated and a frustrating affair, time consuming and costly, with endless visits. Our mission is to save you time, making it straightforward and hassle free for you the buyer. We pride ourselves on offering a bespoke and complete service, from establishing your brief to handling the search, pre-screening properties, arranging visits, negotiating the best terms and conditions, and acquisition process up to completion. Preparation and planning are also important to a successful outcome.

The Brief

An important step in finding you the perfect property in Spain will be down to a detailed and thorough brief, tailored to your needs. We are all different and every brief is different. It is essential for us to capture the essence and the driving factors behind it. The first step will be to sit down with you to fully understand what you are looking for from all aspects. Location, property characteristics, lifestyle, community, aspiration, your needs and requirements. Whether you have a clear idea already as to what you are looking for, or just a vision, we will listen and help you bringing it to life, and turning it into a powerful search tool.

The Search

With the brief in hands we will start the search. Each estate agency only covers a part of the market with the properties they have been instructed on. Our role is to engage with the relevant ones, in order to source and find all the properties available that match your exact criteria. This is where our experience, market knowledge and local network are essential and key to a successful outcome. We will coordinate the entire process, saving you substantial time and hassle. We will agree on a pre-selection with you that we will pre-view first to ensure they match your brief. We will only keep the prime properties for your trip to Spain.

The Visits

Once properties of interests have been identified, we will then arrange viewings, and will accompany you, so you can concentrate on the property, without being sold by an estate agent. If one catches your eyes, we will go back with you for a second viewing and a third, until you feel entirely comfortable with the property and happy to make an offer. If not, we will continue the search until we find your dream property.

Negotiation & Offer

Once you have decided on a property, we will then enter into the negotiations. We are experts at negotiating, with years of experience, market knowledge and insight. The estate agents represent the seller, and their objectives will be to get the highest price possible. Our mission is to negotiate the best price and terms for you the buyer. It is our pride to make our services self-funded through tough negotiation.

Important note: NIE (Numero de Identification de Extranjeros)

NIE is all purpose identification and tax number in Spain for foreigner. Buyer will need one to be able to purchase a property. NIE certificate are now being issued with 3 months validity from the time of issue. A NIE will be required by the Notary when signing the Title Deed.

There are 3 ways to apply for a NIE

- In person in Spain at the local Immigration office.
- In person via a Spanish Consulate abroad.
- Through a representative in Spain, by giving this trusted person a power of attorney (Poder Notarial). Done at the notary office.

DUE DILIGENCE & PRIVATE CONTRACT

When an offer has been accepted, your lawyer will then proceed with the Due Diligence checks, and a private contract (Contrato Privado de Compravendo) between the buyer and the seller will be drafted.

The Due Diligence checks is a thorough assessment of the legalities related to the property, and checks that the information contained within the title Deed are correct. That will include:

- A thorough search of the Spanish Land Registry to make sure that everything is in order, such as type of ownership, construction history, planning permissions. This will also include check against the Nota Simple. It is an extract from the Land Registry that gives details of any mortgages and debts held against the property.
- Obtaining a copy of the Cadastre (Catastro), which provides an accurate physical description of the property, with plans, superficies, maps, and aerial photographs. That will be checked against the information contains within the Deed. The cadastre also serves as an inventory of property for tax and assessment purposes, and to calculate the municipal tax rates (IBI).
- A check that the certificate of habitation (Licensee de Primera ocupacion), if the property is a resale is in place. If your property is a new build, then check needs to be made that planning permission (licencia de construcción) was granted, and that a certificate of completion (certificado de final de obras) was signed by an architect
- Finally, your lawyer will check that the property matches its description on the Deed: number of rooms, floors, barbecue area, swimming pool, if any additional building has been added, etc.... All home improvements and renovations must be recorded and authorised by the town hall.

Once the Due Diligence checks have been done, and all is in order, the private contract is then signed between the buyer and the seller. It isn't logged on any official registry, but in law it is considered to be legally binding. The private contract will stipulate the agreed completion date, when the Title Deed (Escritura Publica) will be signed by all parties at the Notary office. **It is common practise to pay a deposit of 10% of the property price at this stage.**

SIGNING THE TITLE DEED

The Title Deed will be signed at the Notary office of your choice by all parties. The Notary will check the identity of the Seller and Buyer, the description of the property, that all community fees and property taxes have been paid, will highlight any debt that are held against the property, Inform those who are signing of their legal and fiscal obligations following the sale, and informing officials of the change of ownership. Once all of that done, the Notary will rubber-stamp the transaction.

You will not be given at that stage the original Title Deed to your property but should receive an authorised version known as Copia Simple.

- If you have a mortgage on the property the Title Deed and the Mortgage Deed will be kept by the bank until the mortgage is paid.
- If you purchase without a Mortgage, you will receive the Title Deed when you register the property at the Land Registry.

The property is now yours.



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