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# PROPERTIES BUYING GUIDE

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Properties in Spain

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# 01- BUYING PROCESS



What are the steps to be followed when buying a property in Spain?

Once you have found your ideal property and agreed on a purchase price with the seller, the following steps are usually followed:

## RESERVATION CONTRACT

The first step in the buying process is usually the signing of a reservation contract.

This is a written offer that secures the agreed purchase price and sets out the main terms of the transaction. The offer is valid for a limited period until the private purchase contract is signed.

To secure the property, the buyer typically pays a reservation deposit of €6,000, although this amount may vary depending on the property.

## PRIVATE PURCHASE CONTRACT

Before proceeding to the private purchase contract, your solicitor will carry out full legal and financial due diligence on the property.

This includes verifying ownership, checking for debts or charges, and reviewing all legal documentation.

Once completed, the private purchase contract is signed, outlining all the agreed terms, and the buyer pays around 10% of the purchase price.

## SPANISH TAX NUMBER (NIE)

In order to purchase a property in Spain and complete other formalities, you will need a Spanish tax identification number, known as the NIE (Número de Identificación de Extranjeros).

This number is required for non-Spanish nationals and is essential for paying taxes and completing legal processes.

The NIE can be obtained at the National Police station (Foreigners' Department), and your solicitor can apply on your behalf.

## OPENING A BANK ACCOUNT

The purchase of a property must be made from a Spanish bank account. This can be done via a lawyer's trust account or from a private account. A private account with a Spanish bank is of great practical value, for example for ongoing maintenance costs.

You should plan to open an account before the notary appointment or delegate it to your lawyer.

## NOTARY AND COMPLETION

The public contract (Escritura Pública de Compraventa) is drawn up in the presence of a public notary, signed and is therefore legally valid.

With the contract in notary the remaining amount of the purchase price is paid with a bank cheque or instant transfer and in return the new owner receives the keys and is registered as the owner in the "Escritura", the official contract of sale – the title deeds.

## PAYMENT OF APPLICABLE TAXES

Following the public purchase agreement, the new owner is obliged to pay all necessary taxes. This is usually done by your lawyer.

## LAND REGISTRY

Once the new deeds have been signed, your ownership must be registered at the Land Registry, where you will be officially listed as the property's owner.

# 02- BUYING COSTS



What additional costs are involved when buying a property in Spain?

In general, purchase costs amount to approximately 10–13% of the purchase price. If you are buying with a mortgage, costs increase to around 13–15%.

These additional costs include taxes and professional fees, as outlined below:

## VAT

For newly built properties purchased directly from the developer, VAT applies at 10% of the purchase price.

## PROPERTY TRANSFER TAX

For resale properties, VAT does not apply. Instead, you pay the Property Transfer Tax, which is 7% of the purchase price (since 2021).

## VAT ON BUILDING PLOTS

For the purchase of building land, VAT applies at 21% of the purchase price.

## STAMP DUTY

Stamp Duty Tax (Impuestos de Actos Jurídicos Documentados) is payable on the purchase of new build properties and when taking out a mortgage. For new properties, this tax is 1.2% of the purchase price.

## NOTARY FEES

The purchase deed must be authorised by a public notary. Notary fees are regulated and depend on the value of the property but are typically less than 0.5% of the purchase price.

## LAND REGISTRY FEES

Registering the new ownership at the Land Registry incurs fees of approximately 0.5% of the purchase price.

## LEGAL FEES

We recommend that our customers consult an independent lawyer. A lawyer represents your interests. The responsibilities of a lawyer are as follows: He checks all the required purchase documents, draws up the purchase contract and notary contract and is available to answer any questions you may have. A lawyer guarantees you a secure and binding purchase agreement and takes care of the payment of the property for you.

The lawyer's fees usually amount to 1% of the purchase price.

## REAL ESTATE FEES

In Spain, estate agency fees are normally paid by the seller.

# 03- MAINTENANCE COSTS



What are the typical annual costs of owning a property in Spain?

Once the property has been acquired, the following annual costs must be taken into account:

## PROPERTY TAX

The Impuesto sobre Bienes Inmuebles (IBI) is an annual property tax paid to the local town hall. It is calculated based on the cadastral value of the property and varies depending on the location. IBI is usually paid between June and September each year.

## COMMUNITY FEES

If the property is part of a residential development or complex, you will pay community fees to cover the upkeep of shared facilities. These fees depend on the size of your property, the number of owners, and the amenities available (such as gardens, swimming pools, lifts, and staff costs). Community fees are normally paid monthly.

## WASTE COLLECTION

A waste collection fee (Basura) is payable by all property owners. This is often collected annually alongside the IBI payment.

## UTILITIES (ELECTRICITY, WATER, GAS, TELEPHONE)

These costs depend on the individual consumption of the owner. The real costs are at a comparable European level.

## INCOME TAX FOR NON-RESIDENTS

All property owners in Spain are required to submit an annual tax return. This also applies to non-residents who use the property as a holiday home.

Non-resident owners are taxed on a notional rental income based on the cadastral value of the property.

This declaration must be filed by the end of the following year. Your lawyer can assist you with this process.

For further questions please contact us – Villaone®.



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