

**Introduction**

Spain keeps its top spot to buy property in 2021 and it’s not hard to see why Spain is so popular for property buyers because of the great climate, the much loved Mediterranean lifestyle and the superb infrastructure. Spain is a very welcoming country for foreign buyers. Healthcare and education costs are competitive. You will find value for money and there’s plenty of property choice for all those buyers. Its various international airports are easy to get to and are served by plenty of low-cost airlines.

The Marquanthouses Real Estate Property Experts are proud to have many years of experience in the Spanish Property Business they are qualified, reliable and have experience operating in Spain and they specialize in international transactions and we offer more choice.

Marquanthouses is active on 3 Costas in Spain which are the Costa Blanca, Costa Cálida and Costa Almeria. We have been able to help many clients to find their dream home. This guide sets out essential information for buying property in Spain, including advice on legal advice, buying in certain areas, Mortgages, Guarantees, Certificates, N.I.E Numbers, Opening of Bank accounts, Tax, Licenses, Building, Renovation and Decoration etc.

Are you dreaming of a Spanish holiday home or settling in a villa on the Costa Blanca or a Maisonette Bungalow on the Costa Cálida or perhaps an apartment in the Costa Almería? Our guide to buying a property in Spain explains how to make those dreams come true, from the legal requirements to the pitfalls to avoid.

**MARQUANTHOUSES WILL BE PLEASED TO GUIDE YOU FROM A-Z DURING THE PURCHASE PROCESS IN YOUR OWN LENGUAGE**

**The process & Costs of buying a property in Spain**

Once you have found your DREAMHOME in Spain. The process of buying a property in Spain usually runs as follows. First, the buyer makes an offer. If this is accepted, begins with a reservation agreement. This is a contract that freezes the purchase price and takes property off the market for, usually, minimum 3.000 € up to between 10.000 € of the property price. The deposit is usually held by your lawyer or your agent in a client or escrow account. Within 10 days of signing the reservation agreement, the full private purchase contract (contrato privado de compra-venta) is signed between the buyer and the seller. (This is similar to exchanging contracts in the UK buying process).

Arranging an appointment for a survey. It’s possible to buy a property in Spain without having a house survey, but this isn’t advised by us, Marquanthouses. Please ask your Marquant Expert for an independent Architect Service for extra peace of mind. A house survey helps you ensure there are no significant defects with the property that could come back to haunt you further down the line. For existing properties, there are generally two main types of survey available. A valuation report is a surface-level survey that gives you an independent guide to the property’s market value. A building survey goes deeper, looking at the structural condition of the property and outlining any serious issues. Building surveys are more expensive than valuation reports, but they also provide a more comprehensive guide to the property’s condition.

The buyer then arranges any mortgage they require, although they should have already discussed their needs with the mortgage bank/provider.

Arranging of an appointment with a Lawyer

Marquanthouses will always recommend you to use a Lawyer for extra peace of mind. The contract of sale is usually signed in front of a Lawyer, at which point the full sale price, way of payment, taxes, and other costs will have been re- explained to you. Within this time your lawyer should have completed all the searches on the property - confirming that the seller owns the property being sold, that all licenses are in place Habitation Certificate and EPC Energy Certificate and there are no mortgages or charges and that planning consents are in order and the way of payment is agreed, then the buyer and seller sign this contract (contrato privado de compra-venta ) and the buyer pays a deposit, typically 10 – 20 % of the purchase price. Once both parties sign this main contract, it is binding. The buyer is then committed to pay the balance of the price, and the seller (once the money has been paid) must transfer ownership to the buyer. If the seller pulls out of the transaction he must return double the amount of the deposit received by way of compensation. If the buyer pulls out he will lose the deposit paid.

Once all money paid the Title Deeds are signed at a Notary Office.

The property sale is only formally completed when the title deed (Escritura de Compra-venta ) is signed before a public official called a Public Notary, or Notario. This will happen at their office and be accompanied by the agreed final payment and all the relevant purchase taxes. The Escritura is then presented by the Notary by email to the Land registry, at the other hand your Lawyer or Agent will present the Title Deeds and pay the Land registry fee *in situ* to the Land Registry office. This last step of registration is extremely important as by this registration the property is passed to the new owner. This final registration of the title deed can take several months.

With a new-build property, obviously completion can take a lot longer, and the payments are split over stages of the building process, and the developer should

provide bank guarantees against each payment. This protects your payments in the event the developer fails to complete the property or goes bust.

Finally, make sure that your Lawyer or Agent will arrange insurance for your property, ensure all service contracts are in your name and direct debits are set op for you (telephone, water, electrics etc.) and register your ownership of the property with your local Town Hall (Ayuntamiento) and community of owners.

**What are the cost of buying a property in Spain vary from area-to-area**

It’s typically 13,50 % to 14,00 % for the purchase or closing costs, depending on the region of Spain, and the type of property. If you have a Spanish mortgage you need to add an additional cost of 2 - 4 %. There will also be costs for obtaining an NIE number and connecting utilities.

But the ballpark above includes:

Transfer tax (ITP), equivalent to stamp duty, calculated on the property purchase price and between 10 %.

It also includes the Notary’s fee price, and tends to range from € 300 and € 1200. Land Registry fees in Spain tend to be between €400 and €600 – or 0.4 % of the purchase price.

Legal fees are usually a percentage of the purchase price – generally 1 per cent plus VAT– but with a minimum fee. Typically this might be € 1,000 to € 1.800.

VAT on new-build properties in Spain is 10,00 per cent and stamp duty on new-build is 1.50 per cent of the purchase price.

**In our areas these one- off purchase costs, are generally as follows:**

-Property transfer tax existing property or new property VAT (or IVA): **10, 00%**.

-Stamp Duty (or Actos jurídicos Documentados ) only for new properties: **1,50%**.

-Notary costs, title deed tax, land registration:

**1.00–2.50%**

-Legal fees:

**1–2 %** (including VAT).

All above cost are covered by calculating APPROX. 13,5 %-14% on top of the purchase price.

\*The seller pays the Increased value Tax ( or Plus Valia )



**Legal advice**

Although the properties which are listed by Marquanthouses are 100 % legal (Both Resale’s and New build), we have all the property documentation in place and that we will prepare the purchase contract, we always strongly recommended that you choose an independent lawyer. A Lawyer who specializes in Spanish land law (Urbanism). The Spanish property conveyancing system is different to other European countries and the UK system so you should ensure that those involved in the transaction are qualified and experienced in Spain.

Independent means that they work on your behalf only and are not also looking after the interests of the agent or developer. If your lawyer is based in Spain, ask for their registration number and check that they are registered with the local bar association (Colegio de Abogados).You should also check that your lawyer has professional indemnity insurance and do not sign any papers or hand over any money until you have taken independent legal advice. The services of a Lawyer are not legally necessary to complete the sale. Having a lawyer to complete the due diligence is highly advised and is required by many mortgage lenders.

**Spanish notaries**

A Spanish notary public will issue the public deeds. As the purchaser, you have the right to choose which notary you use. Your Lawyer and or Marquanthouses will advise you and prepare the documentation to sign at the Notary. The notary is a public servant used for documents which are important to third parties like for example in the case of purchasing a property -the Land registry , Tax offices and Government- and has a duty to provide you with free and impartial legal advice on all aspects of the Title Deeds before you sign. The buyer is responsible for registering the property at the Land registry, National Tax office and the Local Town hall Suma . Your Lawyer will provide this service within the fee.

**Translators**

If you do not have a good understanding of Spanish, make sure that you get all contracts and documents translated by an independent translator.

**Mortgages**

Some purchasers buy without a mortgage, but it is possible to obtain finance to buy a home. Spanish banks and international banks offer mortgages; some also offer specific deals for expats from certain countries. As (an overseas) a buyer, you may find you can only borrow at a lower loan-to-value (LTV) rate than Spanish residents, meaning you’ll need a bigger deposit. Spanish residents can generally borrow up to 80% of the property’s assessed value, but non-residents might be limited to 60–70% LTV, depending on the mortgage type.

Mortgage lenders will not complete a mortgage agreement until you own a property. It’s important to include a clause in the property’s purchase contract allowing you to pull out if you cannot acquire a mortgage.

You should analyze and compare different products and services offered by lending companies. If you have any doubts about the terms and conditions, ask the lender to explain. We can help you too and get Spanish Mortgage information. There are a range of mortgages on offer and you should pay special attention to the interest rate and repayment period, fees for setting up the mortgage as well as early repayment and cancellation fees.



**TAX**

You will pay as a property owner in Spain a yearly non-resident even if you do not let your property and when you become resident you will have to do a Tax declaration like the Spanish people have to do.

You will have to declare Rental income to the Spanish tax authorities (Agencia Tributaria) whether you are resident in Spain or not. Taxation is a complex issue, and it is advisable to seek the advice of Marquanthouses professional tax advisor.

**Further information on mortgages in Spain is available at Marquanthouses for Tax information we can arrange an appointment for you with the Tax advisor.**

**OTHER USEFUL INFORMATION**

Renting out your property

All homes for sale or to let in Spain are required by law to have an energy efficiency certificate. If you are offering your property for rent after this date, you will need to obtain an energy certificate first.

**Short-term lets-** If you want to let your property to tourists on a short-term basis, you must ensure that you are doing so in accordance with Spanish law. The regulations on letting tourist apartments (apartamentos turisticos) and holiday homes (viviendas vacacionales) to tourists will vary depending on the region where the property is located. Marquanthouses can help you to apply for the Licencia de viviendas turísticas/The rental license for tourist ( holiday) homes. If you are planning on making a return by renting out your property on a short-term basis, seek independent legal advice and check the local laws at the town hall or the tourist department of the regional government before you buy. Be aware that the marketing of private residential property to tourists is strictly regulated in many regions of Spain. Owners who are caught illegally advertising or letting out their properties without complying with local legislation can be liable for significant fines.If you are planning to buy an apartment which is part of a residential block, you should also check whether there are any rules set by the committee of owners that prohibit or restrict short-term letting. Ask your Marquanthouses Agent for information.

Rental income to the Spanish tax authorities (Agencia Tributaria) whether you are resident in Spain or not. Taxation is a complex issue, and it is advisable to seek the advice of Marquanthouses professional tax advisor.

**Long-term lets-** Owners who let their properties on a long-term basis are free to do so within the terms set out by the national rental law. However, it is worth seeking professional advice to make sure that you are complying with Spanish legislation and that you are using the correct rental contract.In Spain, there are different types of contracts depending on how long the property is due to be let. You can ask your Marquanthouses Agent for information.