



## **A guide of costs due when selling a property in Spain**

### **Capital gain tax (21%) where the vendor is a "non tax resident" in Spain.**

A purchaser who buys a property in Spain from a non-resident is by law responsible to pay 3 % of the sales price to the Spanish Hacienda in the name of the vendor. This sum will then be taken into account as a deposit payment for the total capital gain tax (21%) the vendor has to pay upon completion.

This tax will be charged on the net figure between the price of your property when you purchased and the current sales price (after deducting the costs of the purchase and the sale).

Depending on when you purchased your property and how long you have owned it, this tax charge can be reduced depending on circumstances. Please seek advice on this as each case is different.

### **Capital gain tax (21%) where the vendor is a "tax resident" in Spain**

In Spain you are considered a resident if you spend more than 183 days per year in this country.

In order to not have the amount of 3% deducted off of the sales price at the notary, you have to prove that you have been a tax resident in Spain for the last 3 years. This means you have to present your annual income tax declaration for the last 3 years in Spain. To only be in possession of the "Residencia" certificate is not sufficient.

If you are a tax resident in Spain, it is recommendable to apply for the corresponding certificate from the Hacienda, in order to be able to present it at the notary upon completion. The notary can then issue the Public Title Deed without having to retain the 3 % of the sales price from the buyer in the name of the vendor in advance, to later pay it to the hacienda as a deposit on account of the capital gain tax.

The capital gain tax (21%) therefore does not differentiate in the total sum of the payable amount between tax residents and non tax residents in Spain, apart from one exception. In the case of the vendor being a tax resident the capital gain simply will be included into his next annual tax declaration.

There is admittedly one exception for residents: if the surplus profit arose from the sale of your main residence and you make use of the gain during the next 2 years in order to invest it into your new main residence, you do not pay any taxes on the achieved surplus.

### **Plusvalía contribution to the town hall**

Often the "Plusvalía" is confused with the aforementioned capital gain tax of the Hacienda. The Plusvalía of the town hall however is a tax on the proportional increase in value, which is assigned to the plot of land on which your property is situated. Its calculation is more complex and is normally carried out directly at the town hall. In general you can say that the more years you have owned the property, the higher the Plusvalía will be. However,

compared to other taxes and costs arising from a property transfer, it is relatively low and has to be paid by the vendor according to the law.

### **Solicitor's fees**

We always highly recommend that you undertake the services of a professional lawyer when selling your property. An approximate guide of fees payable are 1-1,5% +IVA of the sales price. KMS Property Solutions have negotiated very competitive fees with Bufete Megias so please ask for a free no obligation quotation.

Possible cancellation costs for mortgages still to be cancelled.

Should you have a mortgage on your property, it is possible that like so often is the case that it has been fully redeemed, but does not reflect it on land registry or that it is being settled with the funds from the sale at the notary and that it will be cancelled afterwards in the land registry, directly before the new sale is registered. In both cases the costs for the cancellation of the mortgage (notary fees) and for the inscription into the land registry (land registry fees) have to be paid by the vendor.

### **Agents' commission**

This normally amounts to 5% - 7% +IVA on the gross sales price. This will be formally invoiced by the selling agent or agents, and is payable at the notary upon completion. This sum can be deducted from the capital gain and therefore reduces the capital gain tax to be paid.

### **Timescale**

The private purchase contract will be signed normally up to 2 weeks upon receipt of the reservation contract. The purchaser makes a payment of 10% of the sales price (including the reservation deposit already paid by the buyer).

On average 4 to 6 weeks later the Public Title Deed will be signed. At this notary appointment, the payment of the entire balance of the purchase price is due and will be paid via bankers' drafts (from a bank domiciled in Spain) via the appointed notary public.

**PLEASE BE AWARE THAT THESE FIGURES ARE CORRECT AT THE TIME OF PUBLICATION AND SHOULD ONLY BE USED AS A GUIDE. PLEASE SEEK LEGAL ADVICE FOR EXACT CONFIRMATION OF TAXES DUE. ALL RIGHTS RESERVED.**