

Guide for the acquisition of a property in Spain

Buying and selling a home in Spain differs from how it is done in other countries. The buyer of a property must know the purchase process that will make it easier for him to follow the appropriate steps to obtain a satisfactory deal and a successful investment.

➤ Costs of buying a property in Spain

They will be different if the objective is a new or second-hand property.

❖ Buying a house already built

If the property is acquired from a private owner, the total accrued expenses amount to a total of between 12% and 17% of the purchase price.

The breakdown of expenses will be:

- Taxes: The applicable tax is that of Patrimonial Transfers. In Spain a progressive scale is applied

Total property value from (euros)	Full rent (euros)	Other value up to (euros)	Applicable rate (%)
0	0	400,000	8
400,000.01	32,000	200,000	9
600,000.01	50,000	400,000	10
1,000,000.01	90,000	2,000,000	12
2,000,000.01	210,000	Thereafter	13

- Registration and Notary Expenses: In Spain, the deeds of sale must be signed before a Notary Public and subsequently they must be registered in the Property Registry corresponding to the situation of the property. These expenses represent between 2% and 3% of the purchase price.
- Lawyer's expenses: is the person who will advise you during the purchase process and will review the legal status of the property, drafting the contracts and assisting in the signing of the deeds. It will also manage all the procedures until the registration of the property in your name in the Land Registry. The import is 1% of the purchase price plus VAT.

❖ Purchase of a new or recently built house.

If the object of purchase is a property is a new building (recently built) in which you will be the first owner occupant, the total accrued expenses will increase to a total between 14% and 16% of the purchase price, according to the following breakdown:

- Taxes:
 - 10% VAT.
 - 1.5% Tax on Documented Legal Acts.
- Notary and Land Registry: Between 2% and 3% of the purchase price.
- Lawyers: Around 1% of the purchase price.

➤ Process of Buying a property in Spain.

Buying a property in Spain is as safe as doing it in other countries. For this, it is necessary to do it correctly, and it is recommended to be advised by the appropriate professionals, who will guide you to carry out the purchase successfully.

The purchasing process in Spain differs in many aspects from that of other surrounding countries. Properties that are for sale are advertised through a Real Estate Agency and are offered for sale at a fixed price. It is through the real estate agency when the property is accessed through private visits arranged for this purpose. The final price of the property may change as long as a personalized offer is sent to the seller, and he accepts it.

❖ **Buyer's requirements before buying the property.**

- ✚ Obtaining the Spanish National Identity Number (NIE number).
- ✚ Opening of a bank account in your name in any Spanish bank.

These two requirements are essential.

- ✚ The third requirement is not essential, but it is advisable in order to avoid unpleasant surprises during and after the purchase: Have the legal advice of a LAWYER who represents you throughout the purchase process together with your real estate agent.

➤ Steps during the purchase process.

❖ THE RESERVATION OF THE PROPERTY:

Once the purchase-sale price is accepted by the seller and buyer, it is advisable to draw up an agreement to reserve the property for a short period of time in order to withdraw it from the real estate market. A signal is paid on account of the final price, an amount that will be lost if the purchase is not carried out.

It is advisable to have hired the services of a legal adviser (Attorney) to represent you.

❖ PURCHASE OPTION or DEPOSIT CONTRACT.

It is a private contract between the parties prior to the granting of the public deed of sale. It is drawn up by the buyer and seller's attorney. It is agreed for a period between 1 and 2 months, although sometimes it can be extended.

In the contract, all the terms and conditions agreed by the parties for the sale will be approved (such as price, payment method, access date, furniture inventory list, etc.).

During this period, the lawyer carried out controls on the property to find out its legal and technical situation (and may also seek advice from a technical architect).

Consequences are also contemplated in cases of non-compliance by any of the parties.

If the seller withdraws from the deal for any reason, he must -according to Spanish law- compensate the buyer with an amount equivalent to double the initial payment, that is, return the 10 percent paid plus the same amount. This should be considered as compensation for the buyer.

If the buyer withdraws from the signed agreement -according to Spanish law- he will lose the deposit of 10% of the price as compensation in favour of the seller.

Upon signing the contract, the buyer deposits 10% in the account of a notary or the seller's lawyer.

❖ SIGNATURE OF THE PURCHASE DEED:

It is important to note that the private contract agrees on the maximum period of time within which the buyer can set the date of granting the deed of sale.

The deed of sale must be signed before a notary and is the only document that has access to the property registry. Important: Private contracts do not have access to the registry. The notary is normally selected by the buyer's lawyer but can be done at any notary. The main task of the notary is to confirm the concluded contract and that the requirements established for the signed contract have been complied with.

In presence of the notary, the price will be paid, and the keys and documentation of the property required by the applicable regulations will be handed over.

❖ REGISTRATION IN THE PROPERTY REGISTRY.

For the acquisition of a property to take effect against third parties and be legally effective, it must be registered in the corresponding Property Registry depending on its situation.

Said process is carried out once the Transfer Tax has been paid, otherwise the property cannot be registered.

The registration of the property is done through the Law Firm that advises you during the purchase process.