

# Guide to buy property in Spain

By Larrain Nesbitt Abogados



## Welcome to Spain

Having bought and sold hundreds of properties, and with over 600 articles published over the last twenty-three years, it was long overdue [Larrain Nesbitt Abogados](#) published an in-depth guide on how to buy property in Spain. This has been a long-standing request from clients and readers that we needed to fulfil.

Our practical guide will take you step-by-step through the process of finding and buying your dream home, with particular focus on the region of Andalusia. Whilst we have strived to help you to get the best result at every stage of the buying process, please understand this guide is only an approximation to the procedure and should not be construed, or taken, as substitute for professional legal advice.

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## Living in Spain – rules and red tape

### Who can buy property in Spain?

There are no restrictions on foreigners buying property in Spain. In fact, investment is actively encouraged.

However, due to recent geopolitical events unfolding in Europe, Russian nationals may find serious challenges acquiring and maintaining property in Spain due to international State-imposed sanctions. These restrictions extend to visa applications.

While you may find some of the processes and documents mentioned here have different names in your part of Spain, they are fundamentally the same.

### Your first task: getting your tax number (NIE number)

As a foreigner, the only administrative hoop you need to jump through before you can buy a property is to be allocated a 'foreigner's identification number' (*Número de Identificación de Extranjero*, or NIE). Indeed, you'll need this tax identification number before you can do anything much more than wander about being a tourist.

Among other things, you need a NIE in order to:

- Buy property
- Sell property
- Insure your property
- Arrange a mortgage loan on your property
- Until recently, you needed one in order to open a Spanish bank account but these days you don't need to present one until later down the line.

We explain this procedure in detail in our article: [NIE Number Explained](#)

We offer this service: [NIE Number \(Tax Identification Number\)](#)

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#### Residency: Registering as a resident

Both EU and non-EU citizens planning on living in Spain for more than three consecutive months **must** register as residents. We offer a complete overview of the different types of visas available in our immigration article:

#### [Moving to Spain in 2026? Spanish visa overview](#)

Larrain Nesbitt Abogados (LNA) offers several residency & immigration services:

- [Digital Nomad Visa \(tax-free visa\)](#)
- [Non-Lucrative Visa](#)
- [Lucrative Visa](#)
- [EU-family regrouping \(Marriage Visa\)](#)
- [Spanish Residency permit for EU nationals \(includes TIE card & NIE number\)](#)

For more in-depth info on residency permits & visas, please visit: [MySpainResidency](#).

#### 📌 Pro-Tip: Spanish residency

Attaining Spanish residency normally implies you will become tax resident in Spain and will be required to file taxes here. Exception to this general rule: Golden Visa.

The best visa money can buy is [Spain's Digital Nomad Visa](#)

Spain has become the [world's number one destination of choice for digital nomads](#).

More on this topic, in our immigration article:

[Spanish admin residency = Spanish tax residency](#) – 1<sup>st</sup> March 2022

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## Becoming a permanent resident

After five years registered as a resident, you can apply for a certificate of permanent residence (which grants you 10 years).

## Registering on the *padrón*

If you are resident in Spain for more than three months – regardless of whether you own your property or are renting it, or staying with friends – you must register yourself on the *padrón*, which lists the people who live in the town. You can do this at the local town hall.

*Padrón* registration confers quite a few benefits including access to some public services and the right to vote in local elections. Your registration also enables the municipality to claim more services from the national government. We explain this in detail in our article: [Padron certificate explained](#)

We offer this service: [Empadronamiento](#)

## Where do most foreign buyers head for?

These five most popular regions in Spain to move are:

1	<b>Valencian Community</b>	The classic Mediterranean climate of long warm summers and mild winters make the southern east coast of Spain a most agreeable place all year round. Despite the popularity of the Costa Blanca with tourists, and the overdevelopment of some of the coastline, there are still quiet, unspoiled areas to enjoy. A bonus for many Brits is the number of UK ex-pats already here, especially around Denia and Javea, creating the feeling of a ready-made community. The prices here tend to be lower than Costa del Sol.
2	<b>Andalusia</b>	What draws Brits to Andalusia? Is it the splendid Moorish architecture of the Alhambra Palace in Granada and the Alcazar in Seville? No. Although this huge region of Spain boasts a stunning variety of landscapes and cultural attractions, it's also home to Malaga and the Costa del Sol, and this is where Brits tend to settle to enjoy the coastal climate, the most sunshine days, and the golf. Not to mention the lure of its ultra-low taxation.
3	<b>Canary Islands</b>	These volcanic islands just off the west coast of Africa may look a mere pumice stone's throw away from Morocco and Western Sahara on the map, but they are Spanish through and through, apart from the Germans and the Brits. The landscape hovers between desolate and dramatic but the main draw is the reliability of the weather. In the south of Tenerife, it rains on just 14 days of the year. And even in the coldest month, January, temperatures can average 18°C. yet not be too hot in the summer.
4	<b>Balearic Islands</b>	Although most Brits settling in the Balearic Islands plump for Mallorca, Minorca and Ibiza have their charms too. Options for escaping the tourist crowds are limited, these being smallish islands, but there are still rural areas to be enjoyed, and Mallorca becomes almost an oasis of peace outside the tourist season.
5	<b>Catalonia and Costa Brava</b>	Barcelona is a remarkable city by any standards and it's easy to see why so many Brits choose to settle here. The bustling Catalan capital is within easy reach of both coast and mountain and, reassuringly, its climate features all four seasons while still being predominantly sunny. Catalan is widely and proudly spoken here and if the independence movement gets its way, you might suddenly find yourself not living in Spain at all anymore.

▣ **Pro-Tip: Where to buy your dream home on the Costa del Sol (Malaga, Andalusia)**

[Costa del Sol: your dream home in paradise](#) – 23rd April 2022

▣ **Pro-Tip: A note on regions**

1. **Devolved competencies.** Spain is divided administratively into 17 regions, each with devolved competencies on tax & legal matters. Although there is a common national legal framework that acts as a backbone, the fact is that regions are empowered to flesh out their own regulations on certain matters. This translates into laws and tax rates differing significantly from one region to the next.

The relevance of this can simply not be understated, as some regions in Spain are tax-friendly (read have ultra-low taxation in place), such as Andalusia and Madrid, and yet others have a very high taxation in place.

For example, on inheritance matters, a property with the same price tag can translate into your beneficiaries having to pay nil in inheritance tax (i.e. in Andalusia) or else having to pay instead hundreds of thousands of euros depending on where the property is located in Spain! My best tip is for you is to **research thoroughly the taxation of your region before you commit to buy**. Your family will be very grateful.

2. **Languages.** There is also the matter of language and Spanish politics. In Spain, besides Spanish, we also have four co-official languages. In some nationalist regions (read separatist) Spanish is shunned and you will be forced to use the minority regional language. Obviously if you don't plan to use Spanish during your stay, this is a non-issue.
3. **Climate.** Spain has diverse climates, it is not all sunshine and palm trees. Broadly speaking, there are three main areas. The first one is a cold climate due to its proximity to the Atlantic Ocean (all the south-eastern and north-western part of the country) with cold and rainy winters. The central part of Spain is a climate of extremes; with cold and snowy winters and scorching hot summers. The third climate is more temperate due to the gentle influence of the Mediterranean Sea. It has mild winters and summers with an average temperature of 17 degrees Celsius all year round. This is the climate of Andalusia, Catalonia, and Valencia.

**More on this topic:**

[Andalusia, now a tier 1 region for low taxation in Spain](#) – 3rd July 2019

[Andalusia's new tax changes for 2022](#) – 21<sup>st</sup> January 2022

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Andalusian thoroughbred running free on a beach

## Where to look for your dream home

### Property websites

These days, of course, you don't even need to set foot in a country to start house-hunting: almost every home for sale is listed online. And thanks to the rise in portals and aggregators, you no longer have to trawl through hundreds of different sites to access thousands of properties. There are even websites in the UK, and some in Spain have English language listings. Here are a few to get you started:

- [Idealista](#) (this is Spain's number one ranking property portal)

Foreign websites:

- [Kyro.com](#)
- [Rightmove.co.uk/overseas-property/in-Spain.html](#)
- [Zoopla.co.uk/overseas/property/spain](#)
- [Aplaceinthesun.com/spain](#)

You can buy and live anywhere in Spain; you will be spoilt for choice: [Barcelona](#), [Costa del Sol](#), [Granada](#), [Ibiza](#), [Madrid](#), [Malaga](#), [Mallorca](#), [Santiago de Compostela](#), [Seville](#), [Sotogrande](#), and [Valencia](#).

### Estate agents

If you know which region or city you want to buy in, it's also worth getting in touch directly with local estate agents who will have valuable insider knowledge about the area. In most regions, apart from Valencia and Castellón, the estate agent's fees are generally paid by the seller and form part of the asking price.

Be careful, though. The regulation of estate agents in Spain is more relaxed than what you are used to in your home country, and you have little protection against unscrupulous ones. In fact, Estate agents in Spain are

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unregulated and do not need to pass any exam nor attain a licence to practice. Moreover, they are not supervised by any regulatory body and do not have insurance policies in place in case of negligence or professional malpractice, unlike Spanish lawyers.

If you're asked to make payments to the estate agent directly, be cautious and always seek advice from your lawyer. **Payments made to an estate agent in Spain are unsecured**, unless there is a bank guarantee or insurance policy involved, and making even a small payment to secure a property can make you legally obliged to buy on their terms. Do not allow yourself to be pressured into using a notary, lawyer, or mortgage provider recommended by the estate agent.

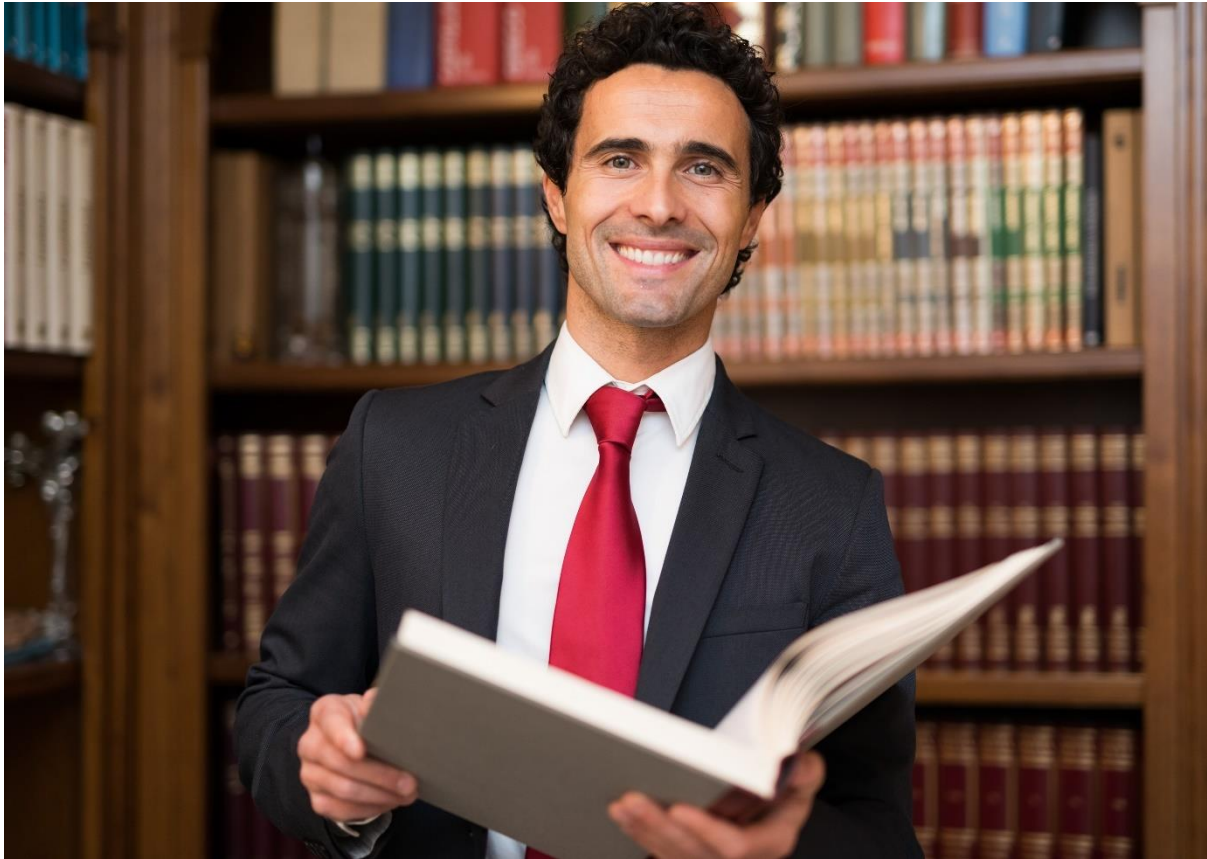
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## CHOOSING AN ESTATE AGENT

At present, there is no legal requirement for estate agents in Spain to be qualified or even competent. They don't have to adhere to any standards, unless they are a member of a professional body. The two Spanish memberships to look out for are the API and GIPE. Do check that the agent is actually a member, and not simply using the logo. Another badge to look out for is the UK's Royal Institution of Chartered Surveyors (RICS).

- **API** (*Agente de la Propiedad Inmobiliaria*) is the main body. API accreditation is managed by the Spanish government's Ministry of Public Works, Transport and Environment. The API is organised by region so search on Google to find the one that looks after your region.
- **GIPE**, the *Gestor Intermediario en Promociones de Edificios*, is an alternative to the API, and represents *gestors* in the property market. [gipe.es](http://gipe.es)
- **RICS**, the Royal Institution of Chartered Surveyors, is a professional organisation based in London and Brussels. Members must adhere to a strict code of practice and have professional indemnity insurance. The RICS also registers its valuation surveyors.

The **Association of International Property Professionals** (AIPP) is a London-based body committed to improving standards for buyers of foreign property. Search for their members in Spain at [aipp.org.uk/member-directory/](http://aipp.org.uk/member-directory/)



## Assembling your team

### A lawyer (*abogado*)

Whilst hiring a conveyance lawyer is not mandatory in Spain, we strongly recommend that you do to avoid the many pitfalls.

Unless you have an excellent command of Spanish law, language, and bureaucracy, you need to find an English-speaking lawyer to act on your behalf. It helps a lot if they are local, although it's not essential. It's important to find one you trust and recommended to you by someone who has used them. Make sure they specialise in property law.

Our law firm offers the following service: **Conveyancing in Spain – Buying**

Other sources:

- The UK government publishes a list of English-speaking lawyers in Spain at [gov.uk/government/publications/spain-list-of-lawyers](https://www.gov.uk/government/publications/spain-list-of-lawyers) (not all offer conveyancing services).
- The Irish government publishes a list of English-speaking lawyers in Malaga: <https://www.dfa.ie/irish-embassy/spain/about-us/honorary-consulates-in-spain/honorary-consulate-malaga/malaga-lawyers/>

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#### 📌 Pro-Tip: Fake conveyance lawyers

I must warn buyers that lately there has been a surge of unscrupulous people passing themselves off as qualified Spanish lawyers meddling in conveyance matters. Many scandals we read on the press can be traced back to these intruders. Only over the last 12 months I have met three such companies pretending to act as bona fide lawyers. Please ensure - for your own sake - you ask a lawyer for his practising licence number and cross-check it against his regional law society. Remember, only qualified lawyers in Spain pay to have mandatory insurance liability to cover against negligence or professional malpractice. In addition, all registered lawyers are subject to the regulatory discipline of regional law societies which ensure they behave honourably at all times under risk of being disbarred.

You can self-verify a lawyer is qualified to practice on looking him/her up on this official website:

<https://www.abogacia.es/servicios-abogacia/censo-de-letrados/>

#### A surveyor

A property in Spain is as likely to have defects as one in the UK and you might be surprised to learn that the most common problem is damp.

Few Spanish house-buyers use a surveyor, generally trusting to good luck. An estate agent may even try to persuade you that there aren't any. But increasing numbers of RICS chartered surveyors and specialist architects are now providing this service to house buyers.

An experienced and conscientious building surveyor can save you many times their fee by giving you the ammunition to argue the price down. If they don't find any problems, then the surveyor has bought you peace of mind.

We recommend this company, which is RICS regulated: [SurveyinSpain](#)

#### A notary

You'll need a notary for drawing up the deeds (*escritura*) and to witness the signing of all the legal documents. It is the legal right of a buyer (not the seller) to choose the notary they want to work with (normally arranged by your appointed conveyance lawyer). The buyer normally pays the notary's fees and so gets to choose which one to use. Your lawyer will probably recommend one and visit their office with you.

Notaries (*notaria*) are legally trained representatives of the state and their fees are set so there's no point in shopping around. The fees range from 0.1% of the value on the deeds for expensive property to 0.4% for cheaper properties. Fees may also be higher if there's a mortgage involved, for example.

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Notaries and banks do not provide business or fairness advice to any of the parties involved. They do not carry out a due diligence or background checks. Their role is to ensure that the documents have been written correctly, complying with the law. They are not an alternative to a lawyer.

More on this topic:

[We don't need a lawyer since the bank will be doing a check on the Title as they will do the mortgage](#) – 10th August 2018

#### 📌 Pro-Tip: The Notary

A notary is a state official appointed to oversee all formal legalities and ensure taxes are met. A notary is impartial to all parties involved. His role is not to advise anyone; and no time can they be taken as a substitute for professional legal advice. You are strongly advised to instruct your own lawyer (on buying or selling).

## The risks and how to avoid them

### Risk 1: Developers

Spain has had something of a reputation for unscrupulous property developers in the past and not without reason. Examples include:

- Properties built without planning permission. Buy one and it could end up being torn down by the authorities.
- Failure to comply with building regulations. You could be forced to shell out big money to bring it up to standard.
- Properties bought off-plan which never actually get built.
- The property turns out to be smaller or built to a lower specification than advertised.
- Deposits paid on developments which land was not owned by the developer.

That said, new stringent pro-consumer laws passed over the last decade have winnowed out the majority of cowboy developers leaving mostly professional and hard-working companies.

More on this in our article: [Off-plan construction guarantees in Spain](#)

### Risk 2: Debts associated with the property

In Spain, unsettled debts associated with a property stay with the property. So, if you buy a house which has outstanding community fees, community of owner's fees, property tax (*impuesto sobre bienes inmuebles* or IBI), or even a mortgage, those debts become the debts of the new owner.

More on this, in our blog post: [8 things to look out for when buying property in Spain](#)

## Minimising the risks

Your lawyer will:

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- Check the property with the land registry (*Registro de la Propiedad*).
- Check that planning permission was granted when it was built and for any subsequent improvements
- Ensure there are no outstanding debts attached to the property.
- Ensure there are no embargoes – effectively a freezing of the property by the authorities, preventing it from being sold until an associated debt is cleared.

Your surveyor will carry out a condition report, building survey or structural report for you as appropriate, and check that the property matches the paperwork.

If you're curious about a property and not yet at the stage of making an offer, you can find out much of the information yourself by making a request through the Land Registry. Your lawyer and surveyor are the people to help you to make sense of it when it comes to making decisions

Buying a new-build or off-plan property requires additional caution. Check the company out thoroughly before handing over any deposit and be sure you are guaranteed to get it back quickly should the project never come to fruition. Have the 'finished' property 'snagged' to make sure that it is in perfect condition.



### 📌 Pro-Tip: Licence of First Occupation

On buying off-plan (new build), do **not** complete without first receiving a copy of a **Licence of First Occupation (LFO)** from you developer. This document is your best guarantee that everything is above board and is important for four main reasons:

- **Planning legality.** An LFO means the developer has built the property in accordance with the original town hall's building licence specifications as well as with all planning laws. The inspection to grant this licence is carried out by town hall's technicians.
- **Utility connection.** Utility companies are not permitted to connect water, electricity, and gas supplies to a property without an LFO.
- **Raising finance.** If you are borrowing money to make the purchase, the lender will require sight of the LFO and when you come to sell the property, your buyer will need a copy for their own lender. Not having attained a LFO translates into dramatically reducing your pool of prospective buyers to cash-buyers only (unadvisable).
- **Holiday rentals.** If you plan to buy and offer your property as a holiday accommodation in property portals and estate agencies, Spanish Regional Tourist Authorities will require an LFO before granting you the necessary licence to offer it for rent.

Although in truth a LFO should only apply to new build property, the fact is they also impact on resales, as lenders request a copy and are also demanded by all regional Tourism Authorities to attain a tourism licence.

**Further reading:**

[8 Tips on Buying Off-Plan in Spain  
Licence of First Occupation](#)

### 📌 Pro-Tip: Bank guarantees

On buying off-plan, a buyer's lawyer will ensure all interim payments, including the initial security deposit that strikes the property off the market, are covered by a bank guarantee. Bank guarantees act as a safety net safeguarding buyer's payments leading up to completion in the event a developer does not deliver the property on time or files for bankruptcy protection. Bank guarantees, in the last property boom, proved instrumental in saving thousands of family's life savings when Spanish developers went under. They are essential on buying off-the-plan and I simply cannot overstate enough their key importance.

Further reading:

[Bank Guarantees in Spain](#) – 8th April 2013

[Supreme Court Rulings on Bank Guarantees](#) – 8th April 2015

[Law 20/2015: Important new bank-guarantee legislation explained for off-plan buyers](#) – 21st September 2015

The costs involved in buying a property

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Before you start house-hunting in earnest, it's important that you know what you're letting yourself in for financially. The costs vary greatly between regions and also depend on the kind of property you're buying.

As a very rough rule-of-thumb, you can assume you'll need between 10% and 13% of the purchase price to cover the costs of buying it, but here's a more detailed breakdown, with space for you to write the figures that apply to you.

Lawyer fees	You're not obliged to use the services of a lawyer ( <i>abogado</i> ) but you'd be crazy not to.	Typically, 1-1.5% of the asking price plus VAT
Notary fees	The notary draws up the deeds ( <i>escritura</i> ). Fees are set by the government and are based on the sale price of the property. If there's a mortgage involved, the fees will be higher.	0.4% for cheaper properties to 0.1% for expensive ones. Allow 500-1000 euros
Estate agent fees	It is usually down to the seller to pay a standard fee of 5% for urban property (and up to 30% for rural properties) of the sale price, depending upon the region and type of property. However, in some cases, the buyer may be expected to pay a proportion of these, so do check.	Standard of 5%
Land registry fees	This based on the selling price but differs depending on the municipality.	300 to 500 euros
Survey	Not compulsory but strongly advised. The cost will depend on whether you include a valuation and commission a condition report, building survey, or structural report.	450-2,000+ euros
Property valuation	Required by the bank if you are seeking a mortgage.	800 euros
IVA (VAT)	<b>New-build homes only:</b> Spanish VAT is called IVA ( <i>Impuesto de Valor Añadido</i> ) and is payable on previously unoccupied homes.	10% of purchase price
AJD (stamp duty)	<b>New-build homes only:</b> Spanish stamp duty is called <i>Actos Jurídicos Documentados</i> or <i>AJD</i> .	0.5%-1.5%, depending on which part of Spain
IPT (property transfer tax)	<b>Second-hand homes</b> attract a transfer tax called ITP ( <i>Impuesto de Transmisiones Patrimoniales</i> ) which must be paid within one month of purchase.	Between 6-11%, depending on which part of Spain
Banker's draft	This is the most common method of paying the balance on completion. The bank charges are quite hefty.	Varies. Typically, 0.5% of the value of the cheque

Foreign Exchange Specialist Co	Companies specialising in transferring money between currencies and countries.	They are always cheaper than standard bank transfers.
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#### Pro-Tip: Taxation

The Spanish Tax Authority, *Agencia Tributaria*, offers some information in English on its website at [https://sede.agenciatributaria.gob.es/Sede/en\\_gb/inicio.html](https://sede.agenciatributaria.gob.es/Sede/en_gb/inicio.html)

Further reading:

[Taxes on Buying Spanish Property](#)

## Post-completion: The ongoing costs of owning a property in Spain

Don't forget to take the ongoing costs of property ownership into account when doing your sums.

As well as the usual maintenance, repairs, insurance, utilities and so on, you can expect to pay a number of taxes and fees:

- **Property Ownership Tax** (*Impuesto Sobre Bienes Inmuebles* or IBI) is the equivalent of Council Tax in the UK and is based on the cadastral value (*valor catastral*) as determined by the municipal government. The rate ranges from 0.4% – 1.1% of the cadastral value depending on where it is.  
We offer the following service: [IBI tax \(town hall rates\) and refuse collection \(basura\)](#)
- **Annual Wealth Tax** (*Impuesto Sobre Patrimonio*). If your taxable wealth (which includes land and property) exceeds 500,000 euros in most regions, you could be subject to wealth tax on your net assets whether you're resident or non-resident. The rate varies depending on which part of Spain the property is in. In Andalusia, for example, resident married couples have a combined tax allowance of over 2mn euros.  
We offer the following service: [Wealth Tax](#)
- **Non-Resident Imputed Income Tax, NRIIT** (*Impuesto Sobre la Renta de No Residentes*). If you are non-resident, and own a property in Spain, you will have to pay income tax once a year:
  - If the property is not rented out, the tax rate is fixed at 19% for EU residents and 24% for the rest of the world of either 1.1% or 2% of the cadastral value of the property depending on whether the latter is 'revised' or 'unrevised'.  
We offer this accounting service: [Non-Resident Imputed Income Tax, NRIIT \(Annual Fiscal Representation Service\)](#)
  - If you **do** rent out the property, you will have to declare the income every tax quarter and pay tax on it. The tax rate is 19% of net earnings for EU residents and 24% of gross earnings for the rest of the world.  
We offer this accounting service: [Holiday Rental Accounting Service \(HRAS\)](#)
  - If the property is owned by a holding company, the tax authorities will assume that you are renting it out and charge tax on their estimate of the income.
- **Community Fees**: If your property is part of a complex or building with common parts, you will be obliged to join the community of owners (*Comunidad de Propietarios*) and pay charges for maintenance of common areas and any shared services. These charges can be very steep – as much as several hundred euros a month for luxury gated communities in coastal areas.

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In-depth guides on non-resident taxation:

**Non-Resident Taxes in Spain** – 8th December 2015

▣ **Pro-Tip: Holiday Homes**

Investing on property to offer it in property portals as a holiday home has been hugely profitable over the last 6 years. You can expect to make a net yield of 4.5% on leasing it to which you must add on top the capital appreciation which on average is 8% in Spain YOY, even reaching two digits in sought-after coastal resorts. Please be advised **most regions require you attain a Tourism licence** to offer a property as a holiday home accommodation. More on this topic: [8 Tips for Buy-To-Let Success in Spain](#)

We offer a 24-hour registration service (only Andalusia): [Registration of Holiday Homes](#)

▣ **Pro-Tip: Landlord Tax Relief**

If you are an EU-resident, **you can offset 70%, or more, of your tax bill** on applying for lenient landlord tax relief. This GREATLY reduces landlord's taxes, making investing on holiday homes a HUGELY profitable and safe business.

More on this topic, in our taxation article:

[Save 70% on your landlord tax bill](#)



## Money issues

### Opening a Spanish bank account

You should probably open a Spanish bank account quite early on in the process as it could take some time. You will need an account in order to pay the deposit on the property and any professional or administration fees along the way. Spanish utility companies do not accept overseas accounts to domicile payments, only Spanish accounts. We strongly advise property buyers to set payment of utilities as standing orders.

Thankfully, opening a bank account is a relatively straightforward process. Accounts are available for both residents and non-residents. Check with the bank on what documentation you need. Generally, though:

- **To open a non-resident account**, you'll need a copy of your passport, proof of address, your tax number, and the most recent tax returns you filed in your home country. Until recently you would have needed a foreigner's identification number (*Número de Identificación de Extranjero* or NIE) but these days you can supply one after the account has been opened.
- **To open a resident account**, you will need to produce your ID card.

If you're opening a non-resident's account you may also be asked to provide a non-resident's certificate (*Certificado de no Residente*) which you can get from a police station on presentation of your passport. You need to renew it every two years and costs approximately 50 euros.

Although most applications can be made online, you'll probably need to visit in person the branch manager at some point in order to present your documentation so you may as well do the whole thing face-to-face. If your Spanish language skills are lacking, it's a good idea to take along someone who can help translate for you.

We offer this service: [Opening & closing a bank account in Spain](#)

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## Moving money to Spain

When you need to transfer money from the UK to Spain (or vice versa), bear in mind that doing so through your bank is one of the most expensive options. Not only will the bank charge you a hefty fee, they will also use an unfavourable exchange rate. If you're moving small amounts of money, the fee will be disproportionately large. If you're moving the capital to buy a house, the rate will hit you hard.

By far the cheapest way to move money across borders is to use the services of a currency transfer company. It's simple and transparent with just three steps:

1. **Make an international transfer:** Tell us how much you want to send (over £1,000), who you want to pay and the currency you wish to pay in. Then we'll quote you a rate and you can book the transfer.
2. **Send us your money:** Once you've booked your rate, you'll receive a confirmation containing all the payment information so you can pay the company by debit card or bank transfer.
3. **We make your payment** for you: That's it. Put your feet up. Your currency XF company will convert your funds and send the money to the account you requested, all at a great rate.

### 📌 Pro-Tip: Save money transferring funds to and from Spain

Did you know that booking in advance the services of a currency transfer company can **save you between 2 and 3% of the sale proceeds**? On average, you are looking at over £10,000 in savings!

## Paying the final balance

The most common way to pay the balance on completion day at the notary's office is with a banker's draft. Charges for these can vary considerably, normally averaging 0.5% of the value of the cheque. Do your homework beforehand.

## Getting a mortgage

Although it's possible to get a mortgage of up to 60 - 70% Loan-to-Value from a Spanish bank as a non-resident borrower, you'll find it difficult to get one unless you're already established in Spain and can satisfy the lender that you are a good risk. This will involve credit checks. Getting a mortgage from a British bank or building society is likely to be the easier option. Santander is a particularly promising candidate, as it's Spanish-owned.

If you choose to buy with a mortgage, then you will incur additional costs:

1. First, you will need to pay for the property valuation that the mortgage provider will insist on before giving you a mortgage. This can cost around 500 euros.
2. The mortgage itself will come with costs attached. An opening fee of around 1% of the value of the mortgage is not unusual.

Note that as of November 2018, you no longer have to pay stamp duty (*Actos Jurídicos Documentados* or AJD) on a new mortgage. This is now settled by the lender. Don't forget that having a mortgage may increase the notary's fees slightly.

#### ☛ Pro-Tip: Mortgage Loans

A new law enacted in 2019 changed who pays what. It is a law that greatly bolstered borrower's rights.

Further reading: [Spain's New Mortgage Act](#) – 21st June 2019



## The buying process in Spain – step by step

### Step 1: Conduct the property checks

Your lawyer will conduct several background checks:

- Who the legal owner is
- That it's unencumbered by debts, charges, court judgements, unpaid taxes, liens, etc
- If there are sitting tenants
- That planning permission was originally granted, and any subsequent changes approved
- If it is subject to any special rules

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- If a new home, that it is insured against damage arising from any structural defects

... and more.

#### **EXPERT TIP: As soon as you've decided to buy the property**

- As soon as you've reached agreement on price, instruct your surveyor to inspect the building and report back on any defects found.
- Armed with that information, you can renegotiate the price, considering the cost of repairs and replacement.
- The surveyor will also confirm that the property is the size and accommodation as described in the Title Deed Extract (*Nota Simple*) and the *Catastral* (Tax description) and it's best to pass on a copy of the report to your lawyer.
- You should always ask the selling agent for the energy certificate (*CEE*), which will give an idea of the running costs of the property and what will be needed to make it more efficient.

**Campbell D Ferguson, FRICS – Director. Survey Spain SL Network of Chartered Surveyors in Spain.**

[www.surveyspain.com](http://www.surveyspain.com)

#### Step 2: Instruct a Survey

See Expert Tip above.

#### Step 3: Reservation agreement

The reservation agreement is the equivalent of 'sold, subject to contract' in England and marks an end to the property being marketed for up to a month in return for a reservation fee or holding deposit which is usually between 3,000 and 6,000 euros. It is normally a one-page document drafted by the listing estate agency or the seller. A reservation contract strikes the property off the market over the next 30 days. These security deposits are normally non-refundable unless expressly worded otherwise. Time in which your lawyer will carry out a due diligence on the title and proceed to the next stage ('the purchase contract', see below).

Reservation contracts are not an essential step in the buying process, but they are common. As long as the agreement is made subject to conditions such as satisfactory legal checks, building surveys, ability to secure a mortgage, and so on, the risk is relatively low and you should be able to get your deposit back if your conditions aren't met. For extra peace of mind, fees should be lodged with the vendor's solicitor, not with the estate agent or property owner.

In any event, never sign a reservation contract or hand over any money without the thumbs up from your lawyer. Reservation contracts are more legally binding than you might expect.

More on this topic in our articles:

[Buying property in Spain from a private seller](#) (Resale Property)

[Buying new build property in Spain from a developer](#) (Off-Plan Property)

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#### Step 4: The purchase contract

This is the equivalent of exchanging contracts in England. It is essentially the point of no return, beyond which you will lose your money if you pull out.

There are several possible contract types, including the preliminary sales contract (*contrato privado de compraventa*) and the down payment contract (*contrato de paga y señal*) but most foreign buyers sign a deposit contract (*contrato de arras*).

This contract sets out the right of the buyer to purchase the property at a set price to a set timetable. Both parties are penalised for pulling out of the agreement. The buyer would forfeit their deposit (usually 10%) if they cancelled. The seller will have to pay the buyer **twice** the amount of the deposit if he or she pulls out of the sale. The contract also specifies which fixtures and fittings are included, and which expenses the buyer and seller are responsible for.

It is technically possible to write conditions into a purchase contract to enable you to pull out if, for example, the results of a bank's valuation survey or your building survey turn out to be unsatisfactory. Not surprisingly, these are unpopular with sellers. And when you do try to invoke such a clause, you may find getting your deposit back to be a long and expensive process. The advice from most lawyers would be to ensure that you are 100% happy with all aspects of the property before signing a purchase contract.

More on this topic: [Financial & legal repercussions of breaching an option contract \(arras\)](#)

#### Step 5: Sign the title deed

The equivalent of 'completion' in England takes place at the offices of the notary.

Representatives of all parties need to be there – not just you (or your legal representatives if you have given them Power of Attorney) and the seller, but also the banks providing your mortgage and the seller's mortgage, for example. Even the selling agent is often there in order to make that they get their fee. With so many parties involved, it's not unusual for the signing to be cancelled because someone fails to turn up. In any event, expect a lot of hanging around.

The notary will check the paperwork and make sure you understand it, often by reading the entire document to you. If you are not a fluent Spanish speaker, it's required you instruct an interpreter, which is often your conveyance lawyer.

If everything is in order, you (or someone with power of attorney) will sign the title deed. You will also make the final payment for the property on this visit and be given the keys. The notary will give you an authorised copy of the deed, called a *copia simple*, either on the spot, or send it via your lawyer a few days later in PDF format. If you have a mortgage, the lender retains the original mortgage deed until the mortgage is settled.

### 📌 Pro-Tip: Power of Attorney

Your solicitor will probably recommend that you sign over a power of attorney (POA) giving them the right to act on your behalf. The main benefit for you – especially if you're not living in Spain – is that you won't have to attend meetings in person.

It also allows you to pass all kinds of tedious administrative tasks over to your solicitor. You could grant your solicitor the power to:

- Apply for a NIE number
- Open a Spanish bank account
- Agree the terms and price of the sale
- Apply for a mortgage loan on your behalf
- Sign the deeds at the notary's office
- Arrange registration of deeds at the Land Registry
- Set up the supply of services on your behalf (water, gas, and electricity)

The fastest (and cheapest) option is to grant a POA in front of a Spanish notary while you are in Spain. In Spain, on average, it costs under 50 euros. However, you can also do it in the UK or Ireland by signing a POA in front of a Notary but it's a slightly more winded and lengthy procedure as the POA needs to be certified with a 'Hague Apostille' before it can be executed in Spain. It is also more expensive to have a POA witnessed abroad, costing a minimum of £250 between a UK notary and the Apostille seal affixed. If you can, **we advise you to always witness a POA in Spain** to save you hundreds of euros.

**More on this topic:** [Power of Attorney Explained](#) – 8th June 2017

### Step 6: Register ownership at the Land Registry

The buyer, or his legal representative, collects the original deed post-completion and lodges it at the Land Registry paying the associated fee. The registration process can take up to three months to complete.

In Spain, we have a two-tier system comprised by the notary and the land registrar. Unlike in Anglo-Saxon countries, in the Spanish legal system, the only thing that matters is title registration, not the physical title deed itself.

#### 📌 Pro-Tip: The GREAT importance of title registration

From a legal standpoint, if you have only signed a title deed at the notary, but have failed to register your ownership at the land registry, legally it is as if you did not own any property in Spain. In fact, you cannot pay any taxes nor request a mortgage against the property because you do not own it. This happens far more frequently than you care to imagine. Only over the last 30 days I have come across two such cases.

Further reading:

- [The \(non\) importance of a Spanish Title deed](#) – 21st September 2019
- [The \(GREAT\) importance of the Land Registry in Spain](#) – 1st March 2020

#### Other post-completion tasks

- Inform utility companies of change in ownership and sign new contracts
- Inform the community of owners of change in ownership
- Settle all your bills
- Pay any taxes that are due
- Now that you're living in Spain and have a fixed address, register yourself on the *padrón* if you haven't already done so. We offer this service: [Empadronamiento](#)
- Update your will – both in the UK and in Spain. Get advice from a solicitor about Spain's inheritance laws and what they mean to you. EU citizens can choose whether they want the law of the country in which they live, or the law of their nationality, to apply in the event of their death. In some regions of Spain (such as Andalusia) inheritance tax has been (almost) abolished.

#### 📌 Pro-Tip: Spanish Wills

On buying a Spanish property, we strongly advise you to make a Spanish will. Spanish Wills (are exclusive only to your Spanish estate) do not preclude a will made in your home country and will save your heirs time, money, and aggravation at a time of bereavement. This is because there is no need to follow a Grant of Probate or Grant of Confirmation in your home country, there is also no need to Apostille it, nor do any sworn translations. You will also not incur in penalties in Spain on filing inheritance tax belatedly. You can easily save your beneficiaries £1,500, or more, on following my advice.

Further reading: [Seven Advantages of making a Spanish will](#)

We offer this service: [Will-writing service](#)

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## Insider tips – other things you need to know about buying in Spain

### Under-declared value

A thorny issue, no doubt. This is much less common these days thanks to Anti-Money Laundering Regulations, both EU and Spanish, and a clampdown by the tax authorities. Nevertheless, you may come across the practice of under-declaring the price in the legal documents to avoid tax, and the accompanying concept 'B money' or *negro*.

This process involves under-stating the value of a property so that the official sales price on the deeds is shown as between 5% and 20% (even up to 50% in the old days) less than the actual purchase price. The buyer is expected to deliver the balance in cash 'under the table'. The benefits, on paper, are that the buyer pays less transfer tax, and the seller pays less capital gains tax.

Resist all pressure to take part in this kind of fraud. Although it was once commonplace in Spanish property sales, it is illegal. If uncovered after the sale, you will be fined heavily. Also bear in mind that any under-valuation of your property will make you potentially liable for *more* capital gains tax when you come to sell it, as your 'profit' will appear to be higher than it really was.

■ **Pro-Tip: Under-declaring, besides being illegal, only benefits the seller, not the buyer. Don't do it!**

### Surveys and valuations

In Spain, there is no requirement to have any kind of building survey carried out when a property is bought or sold, although if you're getting a mortgage, the lender will probably insist on a valuation survey.

But it makes sense to get a survey done for your own peace of mind. Make sure the surveyor is independent. The last person you want is someone with social or business connection to the seller, the seller's lawyer or the estate agent.

It takes time for the surveyor to visit the property and prepare the report, so always commission the survey as early as possible. Some surveyors will give you a verbal report immediately after the inspection so that you can proceed (or not), but always insist on a follow-up written report as well.

There are three types of survey:

- **Building Condition Report:** This general health-check comes with detailed advice on any work that needs doing before you should buy it. Or you could negotiate a price reduction and do the works yourself. The surveyor takes measurements and compare them carefully with the Title and Tax descriptions as discrepancies can indicate that works and building have been done without permission. Buy such a property and you become liable for the fines. You could even be forced to demolish it. The surveyor will check that the property doesn't infringe the coastal law (*ley de Costas*), verify the Energy, Technical Inspection and Structural Insurance certificates and provide advice on utility bills.
- **Structural Report:** This is only required after the Building Survey has identified a serious structural problem and is normally carried out by a structural engineer.

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- **‘Snagging’ Report:** This is for new properties. As well as checking the services etc, the surveyor will examine the property and list even the smallest scrape or blemish the developer needs to fix. This list should be in both English and Spanish as often the tradespeople who carry out the work will ignore anything they don’t understand. When the developer informs you, in writing, that the works have been completed, you or your surveyor can revisit to verify that everything has been done

The cost will depend on the amount of time involved for the surveyor. A survey for a large, older property in a rural location will cost much more than one for a new apartment which is just round the corner from the surveyor’s office. You can make savings by asking for a reduced report listing only the defects found, their cause and how they can be fixed.

Surveys do not generally include a valuation of the property. If you want to reassure yourself that the price you’re paying is a fair one, you’ll need to commission a valuation survey. Save a bit of money by combining this with the Building Condition report.

Spanish building regulations are more stringent than they used to be. That’s not to say that today’s developers don’t also cut corners from time to time, but if the property you’re buying is more than 20 years old, you should definitely commission a survey. If you are buying in a rural area, a surveyor’s report is essential. For a new property, a snagging report, is recommended.

The results put you in a stronger negotiating position but, for this very reason, the seller may not consent to a survey being carried out before the private purchase contract has been signed. If they refuse, there’s nothing you can do about it. It’s especially a problem if the mortgage lender requires a valuation. At the end of the day, if the seller refuses to let you carry out a survey, you can easily draw your own conclusions as to why this might be. And the safest advice would be to simply walk away at this point.

#### 📌 Pro-Tip: Snagging list

Snagging is an informal expression used within the construction industry which is used to describe the process of defect identification and resolution on [buying off-plan properties](#).

More on this topic:

[Snagging list explained](#)

[How to inspect an off-plan property overseas](#) – The Sunday Times, 9<sup>th</sup> July 2017

#### 📌 Pro-Tip: Buying rural land

Buying rural property in Spain is a completely different ball game from what people are used to in the UK – and for a multitude of reasons. Rural property is inaccurately described more often than not at both the Land Registry and in the town hall’s Cadastral Registry. Title deeds may not even exist. Easements such as rights of way, rights of view, hunting rights and even rights to extract water from your well or stream may well apply. Use the services of a lawyer from the very outset.

More on this topic: [How to Buy Rural Property in Spain](#)

For advice on surveys and valuations, contact the Royal Institution of Chartered Surveyors (Spain) via [rics.org](http://rics.org). Search for an RICS-regulated firm in Spain at [ricsfirms.com](http://ricsfirms.com)

### Negotiating the price with the seller

You may find the asking prices of property in Spain somewhat arbitrary and idiosyncratic. This can work against your ability to negotiate as there is often little respect for the concept of objective value. However, at the very least you should arm yourself with the prices of similar properties in the region and try to find out the area's standard discount on the asking price.

### Speeding up the process

One of the things you'll need to agree with the seller is a deadline for signing the deeds. This is usually between one and two months after the private purchase contract. If both sides want to complete faster than this, it's possible to agree to skip the private purchase contract stage altogether. However, always build in sufficient time for your team to carry out their work.

### Don't get stuck with the *plusvalía*

Paying the local capital gains tax, the *plusvalía*, is the seller's responsibility but you will end up being liable for it if your seller disappears without paying it. This is because the debt is technically tied to the property so once the property is yours, so is the debt. You should be particularly cautious if you're buying from a non-resident. If you and your lawyer feel you need to address this risk, you can offer to pay the *plusvalía*, deducting the amount from the final payment you make to the seller at the notary's office. This is known as a retention (*retención*, in Spanish). Lawyers may practice at completion several retentions to safeguard the buyer's interests in the event the seller has any outstanding debts or has been unable to proof there are no arrears.

#### ▣ Pro-Tip: Buying from a shell company

Be especially mindful when buying property from a shell company domiciled in a tax haven. After completion, you could find yourself saddled with paying a special tax (GEBI) aimed at these companies (3% per annum on the property value). As the new owner of a property, you will become liable for all tax debts pre and post-completion and these may not even appear on the records in the Land Registry. Moreover, the company itself may have hidden debts (even loans) of which you were unaware with different lenders and administrations. Unless you have a very good reason for doing so, and a lawyer who is very experienced in such matters, do not take over the company shares or buy in the name of a company. Besides, the lenient tax allowances in place on inheriting or renting out a property do not apply to properties held through corporate structures. There is also the matter that the tax office will force company administrators to pay tax on the equivalent of a monthly rental income as this is viewed as a benefit in kind, which is taxable in Spain.

Further reading:

[Buying and Owning Spanish Property through Companies: Pros and Cons](#) – 7th March 2014



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## About this guide

We hope you found it useful and easy to follow. The information provided herein is for general guidance only. When making decisions, please always ensure you take advice from a qualified Spanish lawyer (*abogado*).

This property guide will be updated regularly with new laws and regulations. **This is a free guide, and no money can be requested in exchange for it.**

## Our special thanks to:

### Mr. Andrew Rogers

Renowned British journalist, copywriter, and author. He has published several books and articles throughout his prolific career.

### Mr. Campbell D. Ferguson FRICS

Owner and Director of Survey Spain SL, a network of chartered surveyors in Spain. Based on the Costa del Sol, the Survey Spain network carries out valuations, building surveys, snagging, investment and development appraisals by RICS Chartered Surveyors anywhere in mainland Spain, the Balearic and Canary Islands, and Gibraltar.

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