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COSTA DEL SOL**



BUYING NEW PROPERTY IN SPAIN

THE FINANCIAL CHECKLIST



**2025
EDITION**

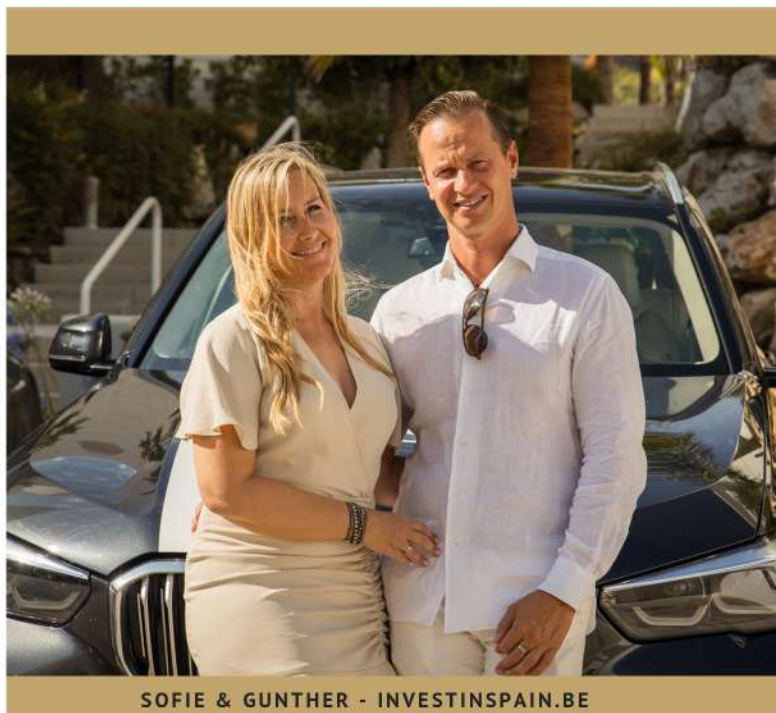
DISCOVER YOUR DREAM ON THE SPOT

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Thank you for downloading our free E-Book - **Buying a new home in Spain: *The financial checklist.***

Owning your own place in the south of Spain has many advantages, but there is more to it than you might think. We often get questions from our customers about the fiscal aspects that go with a purchase in the South of Spain.

In order to answer all these questions in a structured manner, we have drawn up this financial checklist together with Arcos en Lamers, a lawyer and tax expert who has been active on the Spanish south coast for many years.



The following sections are covered in this document

- 1. TAXES ARISING FROM THE ACQUISITION OF PROPERTY.**
- 2. TAXES ON THE POSSESSION OF A PROPERTY IN SPAIN.**
 - Acquisition by a private individual not resident in Spain. (Non-residents)
 - Acquisition by an SL company. (PRIVATE LIMITED COMPANY)
 - Purchase by a company not resident in Spain.
- 3. DOCUMENTATION INVOLVED IN A SALES TRANSACTION.**
- 4. INHERITANCE TAX IN ANDALUSIA, SPAIN.**

1. TAXES ARISING FROM THE ACQUISITION OF PROPERTY.

When buying (and selling) a property, taxes must be taken into account for both buyer and seller.

For the buyer

1. Transfer Tax in Spain (Impuesto sobre transmisiones patrimoniales ITP).

The Andalusian government has reduced the transfer tax to a fixed rate of 7% for resale properties. (Note: *This does not apply to newly built property*)

There will also be a small reduction in stamp duty from 1.5% to 1.2%.

This law was enacted on 27 April 2021 and was originally only valid temporarily. Since 2022 it became permanent.

A reduction rate of 3.5% is applicable at the time of purchase of real estate when the real value does not exceed the amount of 130,000 euros and is destined for the residence of the purchaser.

Being the purchaser younger than 35 years, or when the value does not exceed the amount of 180,000 euros, destined for the residence of a disabled purchaser with a recognised degree of disability equal to or higher than 33%. In both cases the purchaser must be resident for tax purposes in Spain.



2. VAT (first transfer of a property from the promoter) and stamp duty (IVA & Actos jurídicos documentados AJD).

**VAT ON
NEW PROPERTIES
= 10%**

VAT for plots	21%.
Stamp duty	1.2%.

1. TAXES ARISING FROM THE ACQUISITION OF PROPERTY.

For the seller

1. Plusvalia tax

The Spanish Plusvalia tax is a local tax that has to be paid to the corresponding town hall. It is calculated on the value of the land where the property is built and the time that has elapsed since the last transaction when it was acquired.

The taxpayer of the Spanish "Plusvalia" tax, is the person or entity who sells the property. Furthermore, it should be taken into account that the person or entity who acquires the property becomes the subsequent taxpayer in the event that the transferor is not a resident of Spain.

2. Capital Gains Tax

This tax is to be credited against the profit made by the vendor on the sale of the property. This tax is based on the difference between the current sale price (minus costs) and the purchase price paid when purchasing the property (plus costs), at a rate of 19% for tax residents in E.U.

The person purchasing the property, whether resident in Spain or not, is obliged to withhold 3% of the purchase price and deposit it with the Tax Authorities, being a payment based on the seller's corresponding capital gains tax from the sale. In the event that the 3% deduction is not deposited with the Tax Office, the property will be subject to the payment of the 3% deduction or capital gains tax.

If there is no profit for the seller, he will be entitled to claim the return of the withholding. To recover this, he must have updated the non-resident income tax in his payments over the last five years.

Other costs for the seller

Certificate of the Community of Owners. This certificate is attached to the deed of sale, as a guarantee to the buyer that there is no debt in favour of the Community.
Energy Certificate, which is an official document prepared by a competent technician and which contains objective information about the energy characteristics of a building.



2. TAXES ON THE POSSESSION OF A PROPERTY IN SPAIN.

The taxes arising from the purchase of a property do not vary, regardless of whether the property is purchased by an individual or by a company resident or not in Spain.

Purchase by a natural person not resident in Spain.

1. Income tax on non-residents for individuals. (Impuesto sobre la renta de no residentes.)

The **Spanish Non-Resident Income Tax** is a declaration tax, which all non-resident individuals who own a property in Spain must present to the **Spanish Tax Office** (hacienda) on an annual basis.

When the property is owned by a couple, or more than one person, each person is an independent taxpayer and an individual tax form must be submitted.

Depending on the use of the property, the income tax in Spain will be calculated as follows:

- Calculation of income, taking into account the exclusive personal use of the owners. A certain rate is applied to the cadastral value of the property.
- Calculation of income in case the property is rented out: the rent without deduction of any costs will be taken into account.

In both cases, for European non-residents, the rate to be applied is 19%.

DOCUMENTATION FOR A SALES TRANSACTION

Standard documentation required

1. Deed of sale issued at the time of purchase of the property.
2. Passports and NIE certification of the current owners.
3. Rates (IBI) and various supplies (water, electricity, etc.).
4. Contact details of the Community of Owners, minutes of the last Community General Meeting and Community Regulations.
5. Community Certificate.
6. Certificate of First Occupation.
7. Energy Certificate.



Documentation to the deed of sale

1. Passports of the parties involved.
2. NIE numbers of the parties involved.
3. Copy of any transfer or cheque issued for payment of the price, including cheques for other professionals involved such as Property Company, Lawyer, Bank.
4. Receipt of fees. (IBI)
5. Certificate from the Community of Owners.
6. Information from the Land Registry.
7. Energy Certificate.



Your interests in Spain are not represented by a notary, but by a lawyer.

INVESTINSPAIN relies on a team of lawyers and tax advisers who speak Dutch, English, French and Spanish. We work with permanently assigned lawyers and tax consultants for our clients, which allows for a tailor-made service.

Personal documentation requested from the customer who buys the property

- Documents for identification. Passport, identity card, NIE.
- Utility bills as proof of permanent address in their country.
- Business card.
- Letter from the accountant certifying the origin of the income and funds to be invested in Spain, identification of tax residence and compliance with tax obligations.

Requirements for the acquisition of the property in Spain

1. Obtaining a NIE number.
2. Opening of a bank account in Spain in the name of the future owners, to pay the price and organise the payment by direct debit of the various deliveries.
3. Registration of the buyer and the seller with the tax office, in order to be able to settle the taxes resulting from the transaction.

4. THE INHERITANCE TAX IN ANDALUSIA, SPAIN

Inheritance and gift tax is regulated in Spain through a **single tax code at national level**, with rates ranging from **7.65% to 34%**. For gifts, there are also increases based on your relationship with the beneficiary. However, there are only some limited reductions on the tax to be paid.

However, the autonomous regions have the power to significantly extend reductions or abatements. For example, in Andalusia, inheritances up to the **first 1,000,000 euros** have been exempt since January 2017.

Gift tax

From 11 April 2019, a 99% reduction in the taxable base for inheritances and gifts was finally introduced, in addition to the already existing reductions. Consider, for example, the exemption of the owner-occupied house in the inheritance tax.

So when you donate a property in Andalusia worth 800,000 euros, the taxable base is only 8,000 euros. This means that the rate is applied to 8,000 euros, and not to 800,000 euros.

Who does this apply to?

These conditions and tax relief apply in case you donate to your children, adopted children, parents, grandparents or great-grandparents. They can also benefit from the measure if you wish to donate to your spouse or legal cohabitant.

Conditions

Donations must be made by means of a Spanish notarial deed. If it is a cash donation, you will also need to prove the origin of the funds.

