

# BRITS LIVING IN SPAIN



## A full guide to buying a property in Spain

### Accessibility

Where in Spain can you get to easily? This might sound really basic BUT, is so important if you are considering buying a holiday home and will be flying over. Spain is a huge country, not all areas have easy access to an airport and not all airports have flights in and out all throughout the year. This isn't as important if you intend to drive over or are thinking of making a permanent move but, still worth consideration. We never know when we might want to make a journey back for an emergency.



### Location

We often have people ask us "Which are the good areas" or "Which areas are bad to live in". The answer is.....We can't answer that. We all like different things, have different priorities and expectations. All areas have their good points and their bad points. Some properties in the same area might be a better choice than others because of certain factors but a good agent will point these things out to you.



### Spanish Village

For those of you wanting to immerse yourself fully in the Spanish way of life, a village could be the option for you. If most people around are Spanish then you will probably pick the language up quicker than you would in other locations. The villages will offer a better opportunity to experience the culture and traditions of Spain with the different fiestas and events they have throughout the year. Village life is quite peaceful, laid back and relaxing.

However, language could be an issue. In the villages less people, including doctors, town hall officials etc will speak your language. You will ideally need a basic understanding of the Spanish language. Also, the bus services in villages are often lacking. Because you can get everything you need in a village location, buses are not really considered a necessity to get to other areas therefore, lots of villages just don't have a bus service. Lastly, the type of property mostly available will be apartments, town houses and village houses. It's rare to find villas and other detached properties available in a village.

# BRITS LIVING IN SPAIN

## City

If you decide you want a property in a city or a town then really you will have everything you need right there on hand. The cities usually have good public transport links to other areas in Spain and local airports etc. You'll be spoilt with the choices of bars, restaurants, and all other amenities. Also, you'll get all the traditional fiestas and cultural experiences of Spain in a city. Usually, more people speak multiple languages so although learning the language is always a plus and appreciated by locals, it's not essential.



Most of the properties available in cities will be apartments. Unless your property has a parking space included, parking can be a nightmare and could even make having a car impossible. Properties tend to be more expensive in cities than some other areas. Obviously, cities are very busy so simple things like going to the bank might take all morning because of the queue. Also, depending on the location of your property, cities can be noisy, especially during the summer months and when it's fiesta time.



## Beach

Some peoples dream is to live by the beach and close to the sea. It's fantastic to be able to walk out of your property and be walking along a beach within a few minutes or look out of your window or from your terrace and have a beautiful sea view. Most beach

locations will have a selection of bars and restaurants. Some beach locations also have public transport to the closest town (not all).

However, you will certainly pay a premium to have a property close to the beach. Those properties first line to the beach will usually cost the same sort of price as a detached property with a pool 5-10km away. During summer months, beach locations are SO incredibly busy. Again, parking can be horrendous unless you have a private parking space. On the other hand, during winter months some beach locations almost close and are quite deserted with bars and restaurants closed for the winter season. If you're thinking of a beach property it's advisable to see it in the full swing of summer but, also in the middle of winter when it could potentially be closed.

# BRITS LIVING IN SPAIN

## Urbanisation

Lots of people want to move to Spain but still have some home comforts and familiarity of the country they come from. For these people (which is a LOT of people) the urbanisation is probably the correct choice.



An urbanisation is basically a housing estate. They are situated in lots of different locations. Some on the outskirts, within walking distance of villages and towns, some in land, some near the coast. Some close to golf courses and some close to nothing!

All urbanisations are different. Some are really well established with bars, restaurants, doctors surgeries, schools, good public transport etc and some are not.

You will find a selection of different style properties available in urbanisations ranging from apartments to detached properties with a pool in their own land. The older urbanisations seem to offer more value for money with bigger plots and build sizes than the newer ones.

The downside to buying on an urbanisation is the fact that you will not be in an area that is predominantly Spanish. Urbanisations are multicultural, therefore you will not get the local fiestas or cultural events to the same extent as you would if you were living in a village, town or city. You will not be immersed in the Spanish way of life unless you're prepared to travel out and find it.



## Rural Location

Rural locations are great for people who want to move to Spain to live "the good life". It's possible to buy a rural property relatively cheaply with LOTS of land included. If you dream of growing your own veg, raising chickens or have 10 dogs who bark all day etc then a rural property could be the correct choice.

Rural locations overall are really peaceful with few neighbours close by. Some have stunning views, others beautiful countryside to walk in.

There are several things to look at if considering a rural property. Building regulations on rustic land is very different to building regulations on urban land therefore, LOTS of rural properties have been built without permission so are actually illegal! Some rural properties do not have mains electricity and water connected, they have generators and water deposits. It's also usual



# BRITS LIVING IN SPAIN

that they have a septic tank rather than mains drains. They can be very isolated and access can be difficult so, remember that in an emergency you may not be easy to get to. Also, hunting is a common pastime in the countryside here in Spain. During hunting season it's usual for there to be gun fire constantly during the day and night. Also, the hunting dogs do enter private land which can be a problem if you have pets.

The diversity of the different locations available to buy here in Spain make it impossible for us to advise which area would be best for you. We have tried to give you an unbiased idea of the Pros and Cons for each type of location.

## **Types of property and examples**

### **Apartments:**

We all obviously know what apartments are.

Here in Spain a penthouse apartment might also be called an "Attico".

A Studio is an apartment without a separate bedroom or kitchen.

A Duplex apartment is an apartment which has 2 floors.

Apartments are very popular here in Spain and unlike some other countries are sold freehold. Being an owner of an apartment, you will be part of a community and have community fees to pay for the maintenance and insurance of the apartment block.

### **Townhouse:**

Townhouses can be single story or have multiple levels. They are properties built in a terrace row and sometimes also have properties attached at the back. They are sometimes part of a community with community fees to pay but sometimes they are not, which means no community fees. If there is no community, there will be no communal facilities such as communal pools etc.



# BRITS LIVING IN SPAIN

## **Bungalow:**

The word bungalow here in Spain often means something completely different to the meaning of a bungalow in some other countries. Here, a bungalow is a property similar to an apartment although not in a high-rise block. Bungalows are two, individual, single-story properties, built one above the other. You will find lower bungalows, usually with a terrace and upper bungalows, often with a solarium. As with apartments, if you buy this type of bungalow, you will be part of a community and have community fees to pay which will be used to maintain the communal areas.



A single-story townhouse may also be called a bungalow.



## **Villa:**

A villa is what we all think of when we think of Spanish property. Villas can be single, or multi-storey. These are properties built in their own grounds.

They can be:

Detached- a property in its own grounds and not attached to any other property, although it could be joined to a

boundary wall on one side.

Semi-detached- a property in its own grounds but joined on one side directly to the neighbouring property by a wall.

Link-detached- a property in its own grounds but attached on one side to the neighbouring property by a garage or even just a beam. The properties built that are linked by a just a beam were built this way because of building regulations. It is a legal loophole that allows builders to build two detached properties on plots where the town plans only allow semi-detached properties to be built. It is completely legal and although the property is officially semi-detached, really it is detached.

Quads- a property in its own grounds but attached directly to two neighbouring properties at one side and the back of the property. If you imagine a square divided into four pieces and each property is one corner of the square, this is a quad property.

Villas may or may not be part of a community and are usually built on urbanisations.

# BRITS LIVING IN SPAIN

You may also see villas advertised as CHALETS, although chalets are usually in more rural locations.

## **Finca:**

Fincas are rural properties, country houses and are often very old.

They are usually sold with a large amount of land attached and often include outbuildings. Sometimes the land is planted with fruit trees, sometimes left wild. Fincas can be found close to villages but also in very remote areas where the closest amenities are a drive away.

## **Difference between properties in a community and not in a community**

If you buy a property that is part of a community, you will have to pay community fees. This money is used to pay for all communal facilities such as communal pool, lifts if you are in an apartment block, communal garden areas, maintenance and some communities even pay for internet, security, and golf course etc.

Community fees are usually paid every three months but on occasion, monthly or every 6 months.

If you have a property in a community, you will have to abide by the community rules and regulations. Sometimes these can be quite strict.

If you buy a property that is not on a community, obviously you will not pay community fees, which means the annual running costs for your property will be less. But there will be no communal facilities or communal areas. This means you will not have the use of a communal swimming pool.

Also, no community means no community rules to abide to which is preferable for some people.

## **New Build or Resale Property**

When looking to buy a property here in Spain, like anywhere else you have the option of a new build property or a resale property.

There has been, and still is a lot of building work happening here in Spain. The new build properties are beautiful with big windows and straight lines. Mostly, they are a very modern design and



# BRITS LIVING IN SPAIN

usually come with a ten-year builders guarantee. The build quality generally speaking is better than it was in the past.

However, new build properties are usually much more expensive than resale properties.

The plot sizes and build sizes of new builds tend to be smaller than resale properties.

If you like the more traditional style property, unless you are having a bespoke property designed and built for you, it is difficult to find any style other than the ultra-modern style that is widely available at the moment.

So, deciding between a new build or a resale property could be influenced by your budget, the style of property you prefer or value for money.

## **How Estate agents work in Spain**

Real estate agencies work a little differently here in Spain than in other countries.

Firstly, someone selling a property isn't obliged to market their property with only one agency so, you might see a property for sale with several different agents. Sometimes, even being marketed at different prices which can be confusing! If we are marketing a property that is also for sale with other agencies, we try to ensure that the market prices are the same with all agencies. However, sometimes owners forget to tell all of their agents when there has been a price drop and occasionally, we even get sellers telling us that their property is being marketed at the wrong price elsewhere.



Also, lots of agencies here in Spain collaborate with each other. This means you can choose just one agent you feel comfortable with to work on your behalf and then view other agents' properties with the agent you have selected and have built a relationship with. However, although most agencies are happy to collaborate, not all will. Also, although our property listings are as current as possible, we can't guarantee that of third-party agents listings. In fact, unfortunately some agents still advertise properties that are no longer on the market but look like a great bargain as a "Carrot" to encourage people to make contact. It is important if you only want to use one agent to work on your behalf that you do not contact any other agency directly. Although most agents will collaborate, they will not collaborate if they already have your name registered on their database.

So that's how real estate works here, but how do you choose YOUR agency?



# BRITS LIVING IN SPAIN

## Choosing your Agent

Here in the Valencian Community, as in lots of the other autonomous communities in Spain, real estate agencies are regulated by the government and must be registered on the list for licenced real estate agents. This means that the company's representative/owner (or the real estate agent if they work for themselves) must have a recognised qualification in real estate. They must have a fixed address that they are registered to and work from (this doesn't mean they need an office, although it is preferred) and they must have a civil liability insurance cover. Anyone who does not meet these minimum requirements are working illegally and you have no security if you buy a property through them. Also, it's a good idea that the agent you pick is a member of a professional Spanish association like API (Agente de la Propiedad Inmobiliaria), but not members of an association from another country as these are not regulated here in Spain.



Any agency worth YOUR time won't mind spending THEIR time with you, even before you're ready to buy. They should be happy to show you around the area and let you know the pros and cons even if you're not yet in the position to look at property. In fact, we would advise you DON'T look at property until you have your funds in place, but you DO look at which area you feel at home in. Area is as, if not more important than the property you buy. There's no point buying your dream house at the top of a steep hill if you struggle to walk!

You should not be asked to pay anything to the estate agent (unless you're paying a deposit to reserve a property). The fee for selling a property is the responsibility of the seller. The estate agents invoice should be in the sellers name, not the buyers name. If the agent you are working with asks you to pay their fee or a finders fee. Walk away!

If the agent you are working with asks for money upfront before you view a property for any reason, Walk away! Some agencies want you to pay a deposit to take an offer forward to an owner. This is not correct! You should not be paying any money at all to an agent before you have found a property to buy and have had an offer accepted by the sellers.

Don't use any agency if you HAVE to use their legal team, money transfer or any other service, other than the basic estate agency service of finding you a property. We can advise about these other things but, they shouldn't be obligatory and should be your choice.

## Choosing your legal representatives



# BRITS LIVING IN SPAIN

One of the most important considerations when choosing your legal team is that they are local to the area that you will be buying in. We see lots of people who have employed a legal representative from a totally different area, maybe even a different region of Spain (often after seeing them at property exhibitions in other countries). The thing to remember is that Spain is like the USA. Each autonomous community has their own parliament who determine their unique set of laws, rules and regulations and even different tax rates when buying. If you employ someone to look after your sale from Malaga and you're buying in Torrevieja, paperwork, local building regulations, taxes etc will be different. They may be legal wizzes in Malaga but, don't have a clue in Torrevieja. Also, someone local will know who to speak to in the town hall if they need to, the peculiarities of the properties in the area and how to rectify any problems they come across. This local knowledge is invaluable.

We would always advise employing an independent legal advisor. Your legal team should be working for you, not your estate agent. This doesn't mean that you shouldn't take a recommendation from your estate agent. After all, they are dealing with lots of different legal teams and know which team would do the best job for you. Rather take your agents advice (or that of a friend if you know someone who has been through the process) than choose someone randomly from the internet.

It IS normal to pay your legal team an up-front fee as a retention.

It is also normal from time to time, for one legal team to represent both buyers and sellers. This is nothing to worry about.

We would recommend giving your legal team your power of attorney POA (poder in Spanish) A POA is permission for another person to act legally on your behalf as if they were you. It is given in the form of a document signed in a notary by you, whoever will be your POA and the notary. It's a legal document and is usually for a specific purpose (like buying a property, selling a property etc). It seems like quite an alien concept to lots of people and lots of you will associate it with older people who are unable for one reason or another to look after their own affairs. Here in Spain, it is a common thing to do, especially when buying or selling a property. Because so many people buying here don't actually live in Spain, it means that your POA can complete your property purchase (with your written permission) without you being here in the country. This does mean that they can access your bank account to organise the payments needed to complete your purchase.

With this specific POA they can also obtain your NIE numbers, open you a bank account, arrange utility bills into your name and most other things associated with buying a property.

# BRITS LIVING IN SPAIN

## NIE

What is an NIE? What is it for and who needs one? How to get one and cost.

NIE means Numero de Identidad de Extranjero which is the tax identification number for foreigners. Each NIE is unique, and you will need one to buy a property as will anyone being to be included on the property deeds. You need an NIE to buy a car, register at a doctors surgery, get a place in a school and just about anything else you want to do here in Spain.

### **HAVING AN NIE NUMBER DOES NOT MEAN YOU HAVE RESIDENCY IN SPAIN**

You can get your NIE from the Spanish consulate/ Consular Office in your own country or at the Police Station or Oficina de Extranjeros here in Spain. You have to fill in the relevant forms, pay the taxes and get an appointment (which can be weeks away)

The tax for the NIE is less than 15€ BUT, we would recommend using your legal advisor to do it all for you. Obviously, this will cost more, usually between 100-150€ per person. It's not the easiest thing to do if you don't know the system or the language and most people struggle to navigate the system without the help of their legal team. You will need your NIE by the time of the purchase completion.

## Cost of Buying in Spain

We only sell property in the Valencian community and Murcia, so our breakdown of costs is for these areas only. As I mentioned earlier, each autonomous community sets its own tax rate for certain things so these costs may differ in different areas.

When you see a property for sale here in Spain, the sale price NEVER includes tax, but there is ALWAYS tax to pay. Once you have an offer accepted and know how much you are paying for a property you need to add these costs on top.

Transmission/purchase tax (ITP – Impuestos Sobre Transacciones Patrimoniales) 8% (Murcia) - 10% (Valencia) of purchase price. **This is only paid resale properties.**

IVA (10%) & Stamp duty (1.5%) of purchase price. This is the same in both areas as IVA (Impuestos Sobre el Valor Añadido, like VAT in U.K.) and stamp duty are set by the national government, not the regional government. **This is only paid on new build properties.**

Land registry fee 0.3-1% of purchase price (Depending on property price. Also, if a mortgage has been taken out will be the higher scale) This officially records the new ownership of the property. If you have a mortgage this will also be written into the deeds and will need officially cancelling from the deeds once the mortgage has been paid off.

# BRITS LIVING IN SPAIN

Notary Fee 500€-1000€ depending on Property price.

Legal advisors fee 1000-2000€ (But ask beforehand, I have heard of some companies charging MUCH more)

This means you need to allow a total of between 13-15% above the property price to cover the costs when buying here in Spain.

THE ESTATE AGENTS FEE SHOULD BE INCLUDED IN THE ADVERTISED PRICE OF THE PROPERTY AND IS A FEE FOR THE SELLER WHICH HAS BEEN PREVIOUSLY AGREED WITH THEM.

## **Mortgages**

Do you raise a mortgage in Spain or in your own country?

You may choose to raise a mortgage in your own country rather than here in Spain. However, banks in most other countries won't lend money to buy a property in a foreign country. This means that you would remortgage your asset there to release the equity and transfer funds to your account in Spain.

At the moment in Spain, as a non-resident, it is possible to raise a mortgage of up to 70% of the value of the property only, NOT INCLUDING THE TAXES OR FEES INCURRED WHEN BUYING. Usually there are no set up fees for the mortgage. Interest rates ever changing but at the moment are around 3%.

Mortgages can be taken over a maximum 20-year period but, a lesser period if a person included on the mortgage will be 75 before this period is over. For example, someone who is 60 years of age could only raise a mortgage over a 15-year period.

The bank will initially need:

Your documents of identification.

An Experian report.

6 months bank statements

6 months wage slips.

They may more documents as the mortgage is processed.

Once you have been approved for a mortgage, the bank will also make a study of the property you intend to buy. They will send an architect to make a valuation. The architect may make a valuation for a different amount to the real market value of the property because generally,



# BRITS LIVING IN SPAIN

they do not consider the market in the area nor the actual condition of the property. However, it is unusual for the valuation to come back too low for the mortgage to be approved.

You will need to open a bank account here in Spain at the bank processing your mortgage application. All the banks will need to open your account is your passport and sometimes your social security number from your own country. You can open the account in person (we can make the appointment and take you to the bank), or your legal representative can open the account for you if they have your power of attorney.

## **Wish List**

Before you start viewing properties it is important to make a wish list of requirements for example, how many bedrooms, bathrooms do you want your property to have? Does it need access to a pool? Do you want to be able to walk to the beach? Does it need to be on a bus route? And the list goes on.

You need to make your list in order of importance and decide which requirements are negotiable and which aren't.

It will probably be impossible to meet all requirements (although, sometimes we manage to exceed the list and expectation!) and you need to decide which elements you can live without and which you can't.

Also, when you're making your wish list, make it for YOU and not family members. Quite often family members don't visit once the novelty has worn off or decide they would rather rent somewhere close by so that they have their own space.

## **Property Viewing**

When you decide the time is right to start viewing property, try to have your funds arranged and available. There is nothing more upsetting than finding your dream property only for it to be sold to someone else because you still need to arrange your funds. You need to be able to move forward.

Give your agent your wish list and let them make the arrangements. They will know which properties best fit the bill and will even go and search for properties for you. If you have decided to use just one agency, do not contact other agencies about properties they have for sale. If you do, they will register you as a client and will not collaborate with your agent. Remember, not all agencies have an up-to-date website and sometimes properties you see online will not be available. Also, if an agency refuses to collaborate with your agent, your

# BRITS LIVING IN SPAIN

agent will tell you this and that is when you will have to contact them directly to view a property.

If you are unable to visit Spain to view properties but want to move forward, it is possible to arrange remote/virtual viewings with your agent. This type of viewing is becoming more popular and some people don't even see their new property until they collect the keys after completion! Your agent will visit the property and show you around during a video call.

Before you start viewing, be prepared and able to pay a deposit if you see THE property. Properties are moving quickly, and hesitation can lose the property. This does not mean pay a deposit before you have found the property you want to buy and have had your offer accepted.

Make sure your bank is aware that you might be paying a substantial amount in Spain otherwise they may refuse the transaction and may even block your card.

If you see a property you want to buy, make an offer to your agent and they will speak to the sellers on your behalf. Big reductions are not as easy now and lots of properties are actually selling for asking price so, don't have false expectations about how much less you can ask a seller to accept.

Only make an offer if you are prepared to pay a deposit if offer accepted.

When an offer is accepted the property only removed from the market once a deposit is paid.

For resale properties the usual reservation deposit is 5000€ which is non-refundable (unless irregularities with the legality of the property are detected which can't be rectified at the sellers expense). Sometimes 10% of the sale price expected within 14 days which has the same non-refundable clause. Once a sale/purchase contract is signed by both buyer and seller, if the sellers cancel the sale (without a very good reason) the deposit paid must be refunded and they also have to compensate the buyers with an equal amount as the deposit paid.

The deposit is usually paid to the estate agent but, could also be paid to the sellers legal team.

There is NO negotiation on the price of a new build property. The advertised price is the price you will pay so you do not put in an offer.

When you decide which property you want to buy (some may be ready, some may not have been started and build completion could be as far away as 2 years) you pay an initial reservation deposit. This deposit varies in amount between different developers (around 6000€ but varies) and is usually paid directly to the developer. After the initial deposit, a

# BRITS LIVING IN SPAIN

schedule of staged payments will be arranged which also differ between developers but, generally speaking a large percentage of the property price is paid in stages for the property before completion.

## Process

After you have paid a deposit, your legal team will start the checks on the property. They will look at the legality of the structure so, if any extensions have been added, pools built etc they will insist that these are legalised before or at the time of completion at the expense of the seller. They will check the ownership of the property to make sure that everything is registered correctly at the land registry so that you have no problems in the future (in some instances an inheritance may not have been registered properly for example, this will have to be done before you buy). They will also check that there are no debts registered to the property. Any debts (e.g. an old mortgage which was never cancelled) registered to the property will have to be cancelled at the expense of the seller and your legal team will make sure that this is done.

Occasionally, some extensions cannot be fully legalised before you complete on your purchase (maybe you are buying on a community and a small extension on your property needs the permission from community to be legalised. This permission can only be given at the community AGM and they are only held annually) in these cases, your legal team (if they are sure permission will be granted) will retain funds from the sellers to pay for things to be legalised as soon as possible and it will have no cost implications for you.

It is not usual here in Spain to have a survey of the property done, which some people find quite scary! If you do decide to have a survey done, you really need to specify how detailed you want it to be. If you don't, it will just tell you the age and dimensions of the property. The general attitude here by surveyors seems to be "it's been built for X number of years, if it were going to fall down, it would have by now"! A full and comprehensive survey is something I have never seen done here and I know they are expensive. Most people who want a little reassurance have a builder look around to see if they can detect any problems. This of course does not come with a guarantee.

When completion is approaching the legal representative will provide a full breakdown of costs.

You will see:

Purchase price (minus deposit paid)

Transmission tax



# BRITS LIVING IN SPAIN

Land registry & Notary fees

Legal fees

If your legal representative has your power of attorney there is no need for you to be here for completion.

They can arrange the payments on your behalf/with your permission from your bank. Usually in the form of bankers' drafts and transfers.

From your account you may see payments arranged to pay the sellers mortgage and also to pay the estate agents fee. YOU ARE NOT PAYING THESE THINGS, these are the sellers responsibilities but are being deducted from the amount they finally receive on completion from you. The payment you send to them will be minus these amounts. All of these payments will be arranged for completion and need to be given to the notary. If there is a mortgage, it is also usual for the bank to be at the notary to collect their outstanding amount and cancel the mortgage on the property with the notary.

If you prefer, you can attend the notary in person for completion. At the notary, the deed of sale and purchase will be signed by you or your legal representative, the seller or their legal representative and also the notary. The funds are handed over at this time, as are the keys and you take possession of the property.

You get a copy of these deeds but they registration still needs to be done at the land registry.

Getting the final deeds and registration can take a few months.

Your legal representative will make sure your transmission taxes, notary and land registry fees are all paid correctly. They will also swap utility bills and the annual IBI payment into your name and arrange the direct debits from your account if they have you of power of attorney and you want them to.

## **Time scale**

Investigate areas, styles of property etc, for however long is necessary but, there is NO POINT VIEWING PROPERTY UNTIL YOU'RE READY AND HAVE YOUR FUNDS IN PLACE. It's an ever-changing market and the properties available when you start your journey will probably not be available when you are in a position to actually buy a property.

However, you can start to get everything else in order.

# BRITS LIVING IN SPAIN

Once you have found somewhere to buy, the completion date will be mutually agreed. The usual timescale is 3 months on a second-hand property but, can be more or less if convenient for everyone.

Newbuild purchases can be as long as 2 years between paying a deposit and completion.

## **Transferring funds**

If you live in a European community country with euro as your currency a direct bank to bank transfer is the easiest option. You do not need to consider exchange rates.

If you live in any other country and the euro is NOT your currency, then you need to look for the option which will offer you the best possible exchange rate. When you are transferring a large amount of money, the smallest difference in exchange rates can make a big difference to the amount of euros you receive.

Usually, direct bank to bank transfers are not the best way to move your funds from one country to another if you will be exchanging currency.

We strongly recommend using one of the big currency exchange companies. They are transferring and exchanging huge amounts of money each year so get a preferential rate from the banks which you will benefit from. We recommend using one who has a physical presence in the area you will be buying in, then if you need to speak to someone you will be able to make an appointment to see a real person. Also, once you have an account set up you can continue to use them if you want to transfer funds over monthly e.g. if you have a pension you need to transfer over.

If you need details of the company, we recommend and use personally let us know and we will pass on details.

## **On Going Costs**

Ibi/Suma (similar to council tax) is paid annually. It is MUCH cheaper here than in lots of other countries. It does differ in different areas so is impossible to say how much it would be but, here in the Torrevieja area a 2 bed, single story townhouse of around 65m<sup>2</sup> would be in the region of 130€ P/A. A large villa on a 1000m<sup>2</sup> plot 700-1000€ P/A

Refuse collection every 6 months. Roughly 30€ every 6 months

If your property is part of a community, you will have community fees. These vary greatly depending on what communal amenities you have. I have seen Community fees for as little as 150€ P/A up to 3000 €P/A.

# BRITS LIVING IN SPAIN

Non-residents tax which has to be paid by 31<sup>st</sup> December every year.

For EU residents this is 19% of your annual rental income earned from the property.

For non-EU residents it is 24% of the annual rental income earned.

If you do not rent the property out, the tax authority will assume you do and charge on a fictitious amount which will be charged at 19 or 24% annually of 1-2% of the catastral value of the property.

Most problems when buying can be avoided by **using legal representation**. They will make sure that what you are buying is completely legal, that you have paid everything you should pay but that you are not paying more than you should. If you decide to buy without the help of a legal representative, you really are setting yourself up for trouble. After living here for over 20 years and working as an estate agent, I would not buy or sell a property without a legal representative.

Another thing to be aware of is if you find an absolute bargain and you buy a property extremely cheaply (it's more difficult to find these cheap properties but every now and again one comes up) you need to be sure you pay enough transmission tax. I said earlier that transmission tax is paid at 10% of the purchase price however, if you are buying a really cheap property then you must pay transmission tax on the minimum declared value at the catastro. The minimum declared value could be more than you are actually paying for the property. If this is the case and you only pay the 10% on the purchase price you will be fined and have to pay an extra complimentary tax.

Another thing to remember when buying an extremely cheap property is that if you decide to sell and you make a profit, you will be charged capital gains tax (unless you are reinvesting the whole amount, minus any mortgage to be settled on the property, into another property here in Spain).

We can recommend independent legal advisors and money transfer companies if you would like us to.

If you have any other questions about the buying process here in Spain, just ask!



# BRITS LIVING IN SPAIN

Helen & Andy

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

[social@tdotandco.com](mailto:social@tdotandco.com)

Call/ Whatsapp: (0034) 670 873 859

