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## *SELLING A SPANISH PROPERTY. GET READY!!*

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If you have decided to sell your Spanish property, then it is important to gather all of the property documents that a potential buyer may request when inspecting and making an offer for your property. Sometimes, not having these documents to hand can be the decisive factor in a buyer choosing a different property to yours.

Place yourselves in the buyer's shoes. What information will they need to know about the property, the machinery within the house and the monthly costs? If you can put all of this information together in a pack, ready for potential buyers and estate agents to inspect, you are increasing your chances of selling the property.

Below is a list of the copies of the documents that we would recommend you have available for interested buyers.

### **A) PROPERTY DOCUMENTS THAT A BUYER WILL REQUEST**

- Escritura de Compraventa of the property or deeds of the property
- Town Hall rates receipt also known as the IBI (Impuesto de Bienes Inmuebles)
- Invoice for Basura (rubbish) if there is one
- Water bill
- Electricity bill
- Gas bill (if the property has central gas)
- Telephone bill
- Community of Owners invoices
- Certificate from the Administrator for the Community of Owners confirming all community payments for the property are up to date
- Minutes of the Community of Owners meetings for the last three years
- Up to date license of first occupation (licencia de primera ocupación), if available
- Passports of owners

- NIEs of owners
- If there is a mortgage on the property, contact details of the local bank manager and most recent mortgage statement
- A Power of Attorney if you will not be in Spain for the completion
- Inventory of furniture that will be left or which you are prepared to sell
- If you are a foreign tax resident in Spain, a certificate from Hacienda confirming that you are a Spanish tax resident
- Instruction manuals for air conditioning, heating, swimming pool pump and other machinery

## **B) PREPARING YOUR PROPERTY DEEDS FOR A SALE**

If you have extended your property or built and not updated your property deeds then this is something that a buyer will insist is added to the deeds before completion. In order to avoid delays for your buyer, it is advisable to take steps to update your deeds before agreeing a sale. If you wish to wait for a buyer, then find out what needs to be done and let your buyer know to avoid any nasty surprises. It is better to let your buyer know upfront of any outstanding legal issues rather than wait for the buyer to discover this.

Having a look at your license of first occupation or habitation certificate (licencia de primera ocupación or cedula de habitabilidad) to see if it is still valid or if it requires renewal at your local town hall.

## **C) ACCEPTING AN OFFER**

Once you have accepted an offer for your property, there will typically be three stages in the sales process.

**Stage 1:** Once an offer has been accepted, the estate agent is likely to arrange for the buyer to sign a reservation contract and pay a reservation fee which is typically between 3000€ and 6000€ to allow the buyer's lawyer to check the property documents and ensure all is in order.

**Stage 2:** Signing the sales & purchase contract and payment of up to 10% of the purchase price.

**Stage 3:** Completion of the sale and purchase before a Notary.

Not all property sales follow the above stages as sometimes the parties proceed straight to the signing of a 10% deposit sales and purchase contract, or direct to the notary to sign the sales/purchase deed.

## **D) COMPLETION**

The completion of the sale and purchase will occur before a notary public when you will hand over the keys to the property and receive a banker's draft for the agreed price, less any deposit received.

It is important to take all of the documents listed in section A) above with you to completion at the notary. In particular up to date bills and invoices for water, electricity, town hall rates and community fees and agree an apportionment with the buyer before completion.

If you are a non-Spanish tax resident, the buyer will retain 3% of the purchase price and pay this to the Spanish tax office as a part payment on account of your Spanish Capital Gains Tax liability.

If you are a Spanish tax resident then you will include the sale of the property in your annual tax return after completion.

### **E) POST COMPLETION**

**Capital Gains Tax.** If you are a non-Spanish tax resident then you have four months from the date of completion to submit a tax declaration for Spanish Capital Gains Tax and either seek a rebate of the 3% retained or top up your Capital Gains Tax liability.

The costs incurred in the purchase and sale of the property are deductible expenses. These deductible costs include transfer of tax upon purchase, notary and land registry fees, legal fees, estate agent fees and the costs of any renovation that required planning permission which extended the property for which you have original VAT invoices. Unfortunately, the tax authorities are not quick in returning the retained 3% or a party of it, therefore you will need to keep your Spanish bank account open until you receive the rebate.

The tax rate for Capital Gains Tax is 21% for non-Spanish tax residents.

**Plusvalia.** This is a local tax payable to the Town Hall based on the number of years you have owned the property and the increase in the value of the property. This tax is payable within 30 days of completion of the sale.

If you wish to discuss the sale of your Spanish property with us, please contact us by email at [enquiries@mylawyerinspain.com](mailto:enquiries@mylawyerinspain.com) or by telephone.