



Acquiring a property in the Costa del Sol, Spain

CUSTOMERS GUIDE

ABOUT US

Sure! Properties is a real estate agency located on the Eastern Costa del Sol (La Axarquía) that provides a hosts of services related to properties purchase and sell. We know our area, and that a first class service means not only giving advice and assistance, but also ensuring that our clients have continual access to information on issues that may affect them.

Sure! Properties with both, local and international vocation, counts on a multilingual team of professionals. We provide personalized services to all our clients, which we consider our most important and precious asset.

ACQUIRING A PROPERTY IN THE COSTA DEL SOL

As specialized in the real estate sector, *Sure! Properties* acts to advise the buyer, accompanying him throughout all process of purchasing a property in the Costa del Sol.

We believe to be a reliable real estate agency, that can help you to find a property which best suits your needs. Herewith, there is a basic guideline to the steps involved when you sell or purchase a property in Spain.

THE RESERVATION DEPOSIT

Generally, to remove a property from the market, the potential buyer is required to pay a deposit between 5.000 and 10.000 euro, depending on the selling price of the property. This deposit can be paid to our agency, or to the buyer's legal representative.

RELEVANT ASPECTS RELATING TO THE PROPERTY AND REQUIRED DOCUMENTATION

Once the deposit has been paid, the buyer, usually supported by a lawyer, will check all relevant aspects relating to the property and required documentation:

Purchase from a building company (from a plan, or a new property)

- a) Legal identity of the owner/seller of the property.
- b) Legal registration in the Land Registry of the property under construction.
- c) That the property is free from charges (mortgages, liens, encumbrances, etc.). Usually, the builder has got a mortgage to finance the built of the property. In case the buyer is not interested in taking over the proportional part of the mortgage on the property, it will be needed to be cancelled prior the sell, with the cancellation costs paid by the builder.
- d) That the property, in compliance with municipal rules and regulations, has been provided with the relevant certifications: building license, habitability certificate.
- e) That the construction and qualities specification has been made available to the buyer, and annexed to the purchase agreement.
- f) That, in order to provide guarantee for the amount paid to the builder during the building process, exist a bank guarantee or an insurance coverage.

- g) Confirmation and control of its content, of the existence of a mandatory 10-year insurance guarantee (*Seguro Decenal*) which will cover any structural defects on the property.
- h) Revision of the buying contract drafted by the builder, in order to make sure that its content and form respects the buyer's rights and that is fully understood by him.

Purchase from an Individual (resale or second transfer)

- a) The legal identity of the owner/seller of the property.
- b) The legal registration in the Land Registry of the property.
- c) That the property is free from charges (mortgages, liens, encumbrances, etc.).
- d) That the property, in compliance with municipal rules and regulations, has been provided with the relevant certifications: building license, habitability certificate.
- e) For the correct execution of the purchase operation, the edition and signature of the private contract (booking contract, option contract, sales contract), or notarial deed (deed of sale) is needed. The standard procedure involves initially signing a private contract (with the payment of 10% of the purchase price) and then, after a reasonable period of time, signing the public deed of sale/purchase at a notary's office.

We also take care of the following important tasks for our clients:

- Obtention of NIE number (Spanish Identification Number for foreigners), which is needed to register the property in Land Registry, and the payment of taxes. It is also necessary for any kind of management concerning a property: such as contracting services by suppliers (water, electricity, phone, gas, etc.).
- Verification of existing debts on the property, such as Council Tax Rates (IBI), community charges, outstanding utility bills, and also calculation of the Plusvalía Tax.
- Payment of the expenses and taxes aroused from the public deed of sale/purchase, and the registration thereof in the Land Registry.

TAXES AND EXPENSES

The following are taxes and expenses arising from the execution before a notary:

In case of first transmission

- IVA (VAT) 10 % for residential properties. IVA (VAT) 21 % on plots, garages, storage rooms.
- Stamp Duty 1,5% (for Andalucía, Spain)
- Notary fee: depend on the nature of the purchase and the number of sheets contained in the deed of sale/purchase. All notaries charge the same fee for the same concept. Usually, the fee for the purchase of a residential property could be between 500 and 1.800 euros.
- Property registration fee is calculated according to a scale, usually between, 50-70% of the notary fee.

In case of second transmission or resale

- Transfer tax: up to 400.000 euro (8%), from 400.000 to 700.000 euro (9%), over 700.000 euro (10%). For example: for the purchase of a 1 million euro property, the first 400.000 euro will be taxed at 8%, the amount from 400.000 to 700.000 at 9%, while that the amount over 700.000, at 10 %. In this case, the total amount would be 32.000 + 27.000 + 30.000 = 89.000 euros.
- Notary fee: depend on the nature of the purchase and the number of sheets contained in the deed of sale/purchase. All notaries charge the same fee for the same concept. Usually, the fee for the purchase of a residential property could be between 600 and 2.800 euro.
- Property registration fee is calculated according to a scale, usually between, 50-70% of the notary fee.

PRIVATE CONTRACTS

First of all, we will check all the documents of the property. Then, after 2 or 3 weeks from the reservation deposit, it will be signed the private purchase contract, and paid the corresponding amount. Usually, the 10% of the purchase price, in case of resale property. Or, the 30%, in case off a property on a plan.

Power of attorney: it can be easily granted in Spain by a public notary (70 euros, aprox), or at the Spanish Consulate in your country of residence. This will enable an attorney in Spain to act on your behalf during the buying process, and sign relevant documents related to the purchase, or mortgage.

PUBLIC DEED OF PURCHASE

The public deed of purchase, is usually signed 4 to 6 weeks after the sign of the private contract, depending the agreements between buyer and vendor. On this occasion, the buyer pay the balance of the purchase to the seller, and gets physical possession of the property. We can also offer attorney services through our property legal advisor.

UTILITIES, RATES, GARBAGE COLLECTION, COMMUNITY FEES AND TAXES

As your need, our agency will take care of contracting, or changing the supply companies, as well as the taxes concerning the property. We can also arrange the direct debiting of those bills by your own bank.

For that, you will need a bank account in Spain to set up the direct debit for the property utilities, taxes, household waste collection, and community fees. We can also assist you in the opening of a Spanish account.

OTHER COSTS TO BE AWARE OF IT

NON RESIDENT INCOME TAX

You will have to pay income tax (Non Resident Income Tax), no matter whether your property is rented or not. By applying the percentage of the cadastral value (reteable value) of the property, is applied the rate of 19% for European Union Citizens. The cadastral value is listed on the IBI invoice (Councill Tax Rates). It is usually lower than the purchase price reflected on your title deed.

If the property is rented, it will be applied a rate of 19% for European Union Citizens, and a 24% rate for non European Union Citizens. EU Citizens can deduct several expenses (electricity, water, community fees, home insurance, mortgage interests, Councill Tax Rates (IBI), waste collection, maintenance, cleaning services, and 3% annual building depreciation). For it, a Tax Residence Certificate, issued by the tax authority of the country where you reside, must be submitted with the tax forms (one for each tax payers).

WEALTH TAX

It is annual. It affects residents worldwide assets, and non residents assets in Spain over 700.000 euros (with the exception of 300.000 euros for the main residential home). The progressive tax rates range from 0.2% up to 2.5%.

RENTAL

Properties that are rented for touristic purposes, for periods of less than two months at a time, must be registered in the Tourism Office of the Regional Government of Andalusia (Junta de Andalucía).

We are at your disposal to carry out the registration process on your behalf.

GRANTING A WILL IN SPAIN

Granting a last will and testament in Spain, over your Spanish assets, is highly recommended. It ensures a smooth distribution of your assets in Spain, and avoid future formalities, complications, delays, and additional costs derived from the process of succession and inheritance. Otherwise, these assets will not be transferred easily to your wife/husband or relatives.