



Fuster & Associates

PRIME LAW



PROPERTY
PURCHASE GUIDE

Fuster & Associates

We were founded in 1997 and have since helped over 10,000 international clients purchase properties in Spain. We are well known in the Spanish real estate sector for our professionalism and diligence, factors which have allowed us to provide our clients with consistently excellent results.

The Guide

Purchasing property in Spain has been popular for many years and will continue to be so. There are numerous reasons for this which include the wonderful climate, enviable lifestyle and strong international travel connections.

The purchase process in Spain is not inherently complicated but it can pose difficulties to foreign buyers due to the language barrier and the unique characteristics of the Spanish legal and tax systems.

This guide will explain the purchase process, give a breakdown of the costs involved, answer frequently asked questions and illustrate how our services help make the process simple and stress-free.



Cost breakdowns

One of the things that our clients consistently ask us is what costs are involved in the purchase of a Spanish property.

The following tables give cost breakdowns for property purchases made in the regions of Valencia (Costa Blanca) and Murcia (Costa Calida).

Valencia Region: Resale

Price of the property	€ 150,000
ITP Tax: 10%	€ 15,000
Notary fees	€ 1,500
Registry fees	€ 700
Utilities	€ 500
Solicitor's fees	€ 1,295 + VAT

Total Price € 169,267

Valencia Region: New-build

Price of the property	€ 150,000
VAT: 10%	€ 15,000
Stamp duty: 1.5%	€ 2,250
Notary fees	€ 1,500
Registry fees	€ 700
Utilities	€ 500
Solicitor's fees	€ 1,500 + VAT

Total Price € 171,765

Murcia Region: Resale

Price of the property	€ 150,000
ITP Tax: 8%	€ 12,000
Notary fees	€ 1,500
Registry fees	€ 700
Utilities	€ 500
Solicitor's fees	€ 1,295 + VAT

Total Price € 166,267

Murcia Region: New-build

Price of the property	€ 150,000
VAT: 10%	€ 15,000
Stamp duty: 2%	€ 3,000
Notary fees	€ 1,500
Registry fees	€ 700
Utilities	€ 500
Solicitor's fees	€ 1,500 + VAT

Total Price € 172,515

Stage payments

The following table gives a basic guide on the structure of stage payments for Spanish new-build and resale properties.

New Build

€3,000 upon signing the contract
+30 days: 25%
+90 days: 25%
Balance on completion

Resale

€3,000 upon signing the contract
+30 days: 10%
Balance on completion

* This is an example. The Payment structure is negotiable between the parties involved



Buying a Spanish Property: The Process

Below we have broken down the purchase process into a simple step by step guide which will show you exactly what is involved at each stage, and how we help.

1 / Preparing your purchase

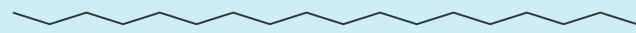
2 / Completing your purchase

3 / After your purchase



1

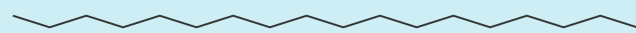
Preparing your purchase



A) Private Purchase Contact

☆ *What is it?* A contract signed between the vendor and the buyer prior to completion to formalise the purchase agreement between the two parties.

⦿ *What we do* We will check the contract for you prior to you signing it and explain its terms to you. Advise you on whether or not it is in your interests to sign the contract.



B) Power of Attorney

☆ *What is it?* The Power of Attorney is a document that gives authorization to your lawyer to act on your behalf.

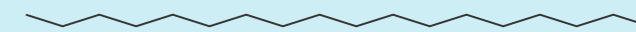
A condition of every POA is that all actions taken on your behalf must be to your benefit.

⦿ *What we do* We will ensure you are entirely satisfied with the document before signing it and we will only use the Power of Attorney when you explicitly instruct us to do so.

C) NIE Number

☆ *What is it?* The NIE number is a fiscal identification number required by foreigners before making any transaction in Spain.

⦿ *What we do* We will make the application for the NIE number on your behalf, and once the document is ready, we will collect it from the authorities.



D) Open a Spanish Bank Account

☆ *What is it?* It is essential to have a Spanish Bank Account in order to pay electricity and water bills as well as community of owners' fees and council tax. Direct Debit can be set up for all these payments.

⦿ *What we do* We will open the account for you and provide you with information on Spanish banking practices.



E) Due Diligence

☆ *What is it?*

Research that must be carried out before buying in Spain.

The research conducted will be dependent on whether the property is a new-build or a resale.

⦿ *What we do*

We will undertake a comprehensive study of the property and ensure that the purchase is entirely legal and safe and that your interests are fully protected.



2
Completing Your Purchase

A) The Completion

☆ *What is it?*

Where? The notary's office

What happens? The balance owed for the property is transferred as well as the ownership and keys.

⦿ *What we do*

We will carefully check the contract, ensure that everything is in order and once satisfied that this is the case, sign on your behalf. You will not need to be present.

B) Property Taxes & Fees

☆ *What is it?*

A total of 4 taxes and fees must be paid on completion: notary & registry fees, ITP (Transfer tax) and the municipal Plus Valía Tax.

For new-build properties Stamp Duty must also be paid.

⦿ *What we do*

We will calculate exactly how much is owed for each of these taxes & fees, inform you of the amounts, and make all payments on your behalf.



C) Register Property Deeds

☆ *What is it?*

The notarised deed (escritura) must be registered at the local land registry. It is in your interests to get this done correctly after the completion.

⦿ *What we do*

We will handle this process and register the deeds on your behalf ensuring that it is done quickly and efficiently.

D) Utilities & Services

☆ *What is it?*

You will need to get water, electricity / gas, community of owners (where relevant) and council tax changed into your name.

⦿ *What we do*

We will handle the whole process and make sure all changes are made correctly.



3
After Your Purchase

A) Tax

After purchasing your property you will need to make sure that you are aware of, and fulfil, your tax obligations in Spain.

Information on our Tax Service Package can be found on page 15 of the guide.

B) Inheritance Planning

Inheritance planning and obtaining a Spanish Will is a vital step to take after making your property purchase as it will act as a safeguard against any eventualities.

For information on our Wills Service Package see page 15 of the guide.

C) Enjoy Spain

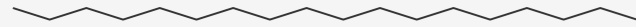
You are moving here for a reason, incredible weather, beautiful beaches, lovely people and a healthy lifestyle make Spain a perfect place to live.

Our Conveyancing Service comes with the Fuster & Associates Membership included which will entitle you to attend our exclusive free events. For more information on our membership scheme, including events, please visit our website:

www.fuster-associates.com



Frequently Asked Questions



- Q.** How do I get finance to buy a Spanish property?
- A.** You will be able to obtain a mortgage from a Spanish bank or lenders based in your country of origin.
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- Q.** What are the costs involved in getting mortgage finance?
- A.** The set up costs will amount to approximately 4-5% of the amount borrowed.
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- Q.** How can I transfer money into my overseas account?
- A.** This can be done via bank transfers which will take 3-5 days or you can use a commercial foreign exchange company which may offer better rates and faster transfers.
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- Q.** Is a survey carried out on the property, its structure and its foundations?
- A.** New-build properties have a 10 year construction guarantee and a certificate from the architect. Surveys will not be carried out on resales unless it is specified as a requirement in which case it will be arranged.



- Q.** What action can be taken if the developer does not complete the property within the agreed time period?
- A.** If the delay is longer than 4 months then you will be entitled to claim compensation.
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- Q.** What would happen if the developer goes bankrupt?
- A.** If the builder goes bankrupt and you have bank guarantees then the money paid will be refunded. If the bank guarantees were not provided then legal action will have to be taken against the bank.
-
- Q.** How should property ownership be structured for tax reasons?
- A.** There are various ways to structure the ownership of the property (listed below) and each has its own advantages and disadvantages.
- We will advise you on which is most beneficial for you.
- IN YOUR OWN NAME
- IN JOINT NAMES: YOURSELF AND YOUR SPOUSE OR CO-PURCHASER
- IN YOUR CHILDREN'S OR INHERITORS' NAMES
- IN THE NAME OF A LIMITED COMPANY
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- Q.** When do I have access to the property I purchase?
- A.** On the day of completion when you have received the keys.



Q. Who pays the Seller's tax?

A. If the seller is non-resident then the buyer is required by law to pay 3% of the purchase price to the tax office to cover the seller's potential tax liabilities. However, this does not impact the purchase price and simply means that 97% of the price will be paid directly to the seller with the remaining 3% going to the tax office.

Q. What are the yearly costs for owning a Spanish property?

A. APPROXIMATE AMOUNTS WILL BE:

Council tax:

€400

Non-Resident tax:

€500

Community fees
(where applicable)

You can appoint us as your fiscal representative and we will take care of your tax returns.



Our Property Law Services

Official Property Report: €150

The Official Property Report provides essential legal information on a property and can be purchased as an affordable means of receiving the core due diligence.

If you proceed to purchase and contract our Conveyancing Service, the price of the report will be discounted from the price of the Conveyancing Package.

Conveyancing for purchase: from €995

We are specialists in the conveyancing process and our team of experts will guarantee that your purchase is handled professionally, securely and successfully.

Wills: €120

The Fuster & Associates Wills Service includes full management of the will making process, advice on the minimization of inheritance tax and assistance at the Notary's office all included.

Tax: €89 per year

Our Tax Package provides comprehensive fiscal services for both resident and non-resident property owners as well as free legal consultations throughout the year.



Spanish Property Purchase Guide

How to proceed



We hope that you will have found this guide useful and informative regarding your Spanish property purchase.

If you want any further information on the purchase process or any of our services then please give us a call or email, or visit us at one of our offices.

Los Alcázares Office:



Telefoon +34 968 575 650 **Fax** +34 968 334 514

Avenida de la Libertad, 301 Edificio Europa, 1ª planta, No. 6 30710 Los Alcázares Murcia, Spain

La Zenia Office:



Telefoon +34 965 271 505 **Fax** +34 968 334 514

Centro Comercial Bellavista, L4 CN-332, km49 03189 La Zenia, Orihuela Costa Alicante, Spain

Teulada Office:



Telefoon +34 965 271 505 **Fax** +34 968 334 514

Avda. del Mediterraneo, 93 Teulada 03725 Alicante, Spain

Sotogrande Office:



Telefoon +34 856 920 128 **Fax** +34 968 334 514

Galerías Paniagua, local 20B Sotogrande 11310 Cádiz, Spain