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# SIRA

Spanish International Realty Alliance®

"The Ultimate Guide to  
Buying Your Dream Home:  
Tips, Tricks, and  
Must-Knows for  
Homebuyers!"



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## LUXSOL ESTATES

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# GUIDE FOR PROPERTY BUYERS: ESSENTIAL DECISIONS

For those considering purchasing a property in Spain, it is imperative to approach the process with a clear and coherent plan. To aid in this endeavour, the following five fundamental questions should be considered:

## **1. Why are you buying the property?**

It's crucial to understand why you want to buy a property in Spain. You should write down your thoughts and intentions to give yourself direction and motivation. Do you want more space, sunshine, and warmer weather? Are you looking for a place to spend holidays with family and friends? Or are you interested in foreign investment opportunities?

## **2. How will you use the property?**

You need to consider how you will use the property to get the most enjoyment out of it. Will you use it for long weekends, extended summer vacations, investment opportunities, relocation, or retirement? Be honest with yourself. If you only plan to use the property for a few weeks during the year, you might want to consider a location farther from the airport to save money.

## **3. What is your budget?**

It's important to establish a realistic budget from the beginning, including at least 10% extra for buying costs. Remember that the exchange rate is unlikely to be the "interbank" rate advertised in the media, but rather a percentage point or two lower. You might also be able to negotiate a lower price for the property.

#### 4. What features do you need in the Spanish home?

You need to identify the must-have features of your Spanish home. How many bedrooms or bathrooms do you need? Is a pool essential, or would a local beach suffice? What outdoor space is necessary? What features would make the Spanish home perfect? A terrace, garden, and/or swimming pool may be among the desired amenities.

#### 5. What would be a deal-breaker?

It's important to consider potential deal-breakers to ensure the property is a good fit. For example, if queuing for rental cars every time you visit Spain would be unacceptable, you might want to look for a different location. If the presence of holidaymakers on the doorstep all summer would be bothersome, you might want to look for a more secluded property.

#### Tip for Buyers!

Gathering as much information as possible on moving to Spain is essential. You should explore both positive and negative sources, including newspapers, magazines, books, expat groups/forums, and Spanish property websites. A comprehensive approach will provide a comprehensive understanding of the Spanish property market, making for informed decision-making.

## HOW TO PAY FOR YOUR HOUSE IN SPAIN

If you're thinking about buying a house in Spain, it's important to have a clear understanding of your financial situation.

The key financial points to consider are:

### **1. Funds available:**

starts with assessing your available funds, which could include cash, savings, sellable items, pension drawdown, and cashable investments.

### **2. Additional finance:**

It's also important to explore financial solutions such as mortgages. You can discuss your options with your estate agent, independent financial advisor, bank, or other lenders. Be sure to determine the required deposit and monthly repayment management.

### **3. Ongoing finance:**

Don't forget to factor in ongoing expenses like local property taxes, maintenance, and travel costs. By taking these financial considerations seriously, you'll be well-prepared to make an informed decision about your ideal home in Spain.

## Buying Costs

### Understanding the Costs Associated with Property Acquisition in Spain

The costs associated with property acquisition in Spain are subject to variation depending on several factors. These factors include whether the property is a new build or a resale, the purchase price and whether the buyer is acquiring the property with a mortgage. This Guide aims to provide a detailed overview of the costs involved in purchasing property in Costa del Sol, Malaga.

#### **1. Buying Costs**

Buying costs refer to the expenses incurred during property acquisition in Spain. Typically, these costs amount to 10-12% of the purchase price and include taxes and fees associated with the purchase.

#### **2. Transfer Tax (I.T.P.) - Resale Property**

Transfer Tax is a tax applicable to property acquisition in Spain. As of April 28, 2021, the Regional Government of Andalusia permanently reduced Transfer Tax to a flat rate of 7% payable by the buyer for the purchase of any real estate, provided the vendor is not a developer, or normally trading in the business of resale properties, thus exempting the buyer from VAT.

#### **3. VAT and Stamp Duty - New Build**

Value Added Tax (VAT) and Stamp Duty are applicable to the acquisition of newly constructed properties in Spain. The buyer is responsible for paying VAT at 10% and Stamp Duty at 1.5% of the purchase price.

## 4. Notary Fees

Notary Fees refer to the costs incurred for the issuing of deeds for property acquisition in Spain. The buyer is typically responsible for paying these fees, which are set by law. The fees associated with notary services typically amount to 0.5% to 1% of the purchase price.

## 5. Land Registry Fees

Land Registry Fees are applicable to property acquisition in Spain. The buyer is responsible for paying 1% of the purchase price as land registry fees.

## 6. Independent Lawyer Fees

Independent Lawyer Fees are associated with property acquisition in Spain. The general fees for independent lawyers amount to 1% of the property value. In complex cases, the buyer may incur higher fees.

## 7. Mortgage Costs

When acquiring property with a mortgage in Spain. These costs include valuation fees amounting to approximately €350, stamp duty amounting to 1.5% of the mortgage deeds, and lender's commission amounting to approximately 1% of the capital loans.

## 8. NIE Requirement

A tax identification number (NIE) is mandatory for non-residents seeking to acquire property in Spain. The NIE is required for all tax returns and communications addressed to the tax authorities. It is also necessary if the buyer wishes to claim residency.

## Your Trusted Realtors.

### "7 Reasons to Work With a REALTOR® - What You Need to Know"

REALTORS® are members of the National Association of REALTORS® and subscribe to its strict Code of Ethics. When you're buying a home, here's what an agent who's a REALTOR® can do for you.

#### **1. Act as an expert guide.**

Buying a home typically requires a variety of forms, reports, disclosures, and other legal and financial documents. A knowledgeable real estate agent will know what's required in your market, helping you avoid delays and costly mistakes. Also, there's a lot of jargon involved in real estate transactions; you want to work with a professional who can speak the language.

#### **2. Offer objective information and opinions.**

A great real estate agent will guide you through the home search with an unbiased eye, helping you meet your buying objectives while staying within your budget. Agents are also a great source when you have questions about local amenities, utilities, zoning rules, contractors, and more.

#### **3. Give you expanded search power.**

You want access to the full range of opportunities. Using a cooperative system called the multiple listing service, your agent can help you evaluate all active listings that meet your criteria, alert you to listings soon to come on the market, and provide data on recent sales. Your agent can also save you time by helping you winnow away properties that are still appearing on public sites but are no longer on the market..

#### **4. Stand in your corner during negotiations.**

There are many factors up for discussion in any real estate transaction—from price to repairs to possession date. A real estate professional who's representing you will look at the transaction from your perspective, helping you negotiate a purchase agreement that meets your needs and allows you to do due diligence before you're bound to the purchase.

#### **5. Ensure an up-to-date experience.**

Most people buy only a few homes in a lifetime, usually with quite a few years between purchases. Even if you've bought a home before, laws and regulations change. Real estate practitioners may handle hundreds or thousands of transactions over the course of their careers.

#### **6. Be your rock during emotional moments.**

A home is so much more than four walls and a roof. And for most buyers, a home is the biggest purchase they'll ever make. Having a concerned, but objective, third party helps you stay focused on the issues most important to you when emotions threaten to sink an otherwise sound transaction.

#### **7. Provide fair and ethical treatment.**

When you're interviewing agents, ask if they're a REALTOR®, a member of the National Association of REALTORS® or member of . Every member must adhere to the REALTOR® Code of Ethics, which is based on professionalism, serving the interests of clients, and protecting the public.

Luxsol Estates S.L As members of The National Association of REALTORS®, Spanish International Realty Alliance (SIRA), and the Association of International Property Professionals UK, our agency stands as a testament to our dedication to excellence and adherence to industry standards



## " THE ROLE OF SOLICITORS IN ENSURING A LEGAL AND ACCURATE PROCESS"

It is highly recommended that both buyers and sellers seek legal guidance when engaging in property transactions. We are pleased to offer our assistance in connecting clients with solicitors who provide multilingual support and can guide them through the entire buying or selling process. The solicitor's role is to ensure that all aspects of the transaction are accurate and in compliance with the law.

Prior to making any payment, aside from a reservation deposit, the solicitor will gather information from the Land Registry to verify the following:

- The property's ownership and the seller's right to sell.
- Any outstanding debts against the property, such as mortgages or court judgments, and whether the seller has paid the community fees and property taxes.
- Whether there are any current tenants residing in the property.
- Whether the property is subject to any special regulations, such as subsidized housing.
- For new homes, whether the proper insurance is in place to cover structural defects.

Additionally, the solicitor will assist with the application process for obtaining an NIE number (a Spanish national ID number) and a Spanish bank account, both of which are mandatory when purchasing a property in Spain. In most cases, a power of attorney is granted for the purchase of the property, allowing clients to sign documents without being physically present in Spain.

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THANK YOU FOR READING THE BUYING GUIDE

We hope that this guide will help you on your journey to buying a home in Spain. We also publish news, feature articles and blogs Find them all via our website:  
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