



Purchase costs in Spain (Costa del Sol)

There are different taxes and costs involved in a property transaction of new and resale homes in Spain. Hereby an overview of the taxes and payments;

New from the developer

VAT

(IVA in Spanish) This tax shall apply when the developer sells the property for the first time. The VAT is 10% when it concerns residential homes like apartments, villas, townhouses etcetera and 21% on plots and commercial purposes like shops. Down payment and other payments for the transfer of the property are subject to VAT. This tax will be paid by the buyer.

Stamp duty

(AJD in Spanish) is 1,5% of the purchase price. The buyer pays.

Existing homes (resales)

Transfer tax

(ITP in Spanish), this tax is applicable when the property has been sold by the developer and it is owned by a private person or company. (Thus not in possession of the developer). The height of this tax depends on the Autonomous region in Spain, in which the property is located. In general the tax is 8% over the first 400.000 Euro, 9% on the remaining amount up to 700 000 Euro and 10% on the portion of the purchase price over 700.000 Euro. This transfer tax has to be paid by the buyer at the moment that the property is transferred at the notary.

Cost applicable on existing homes (resales) as well as new homes

Legal fees

Although you are not required to hire a lawyer, we advise you to do so. Your own lawyer will represent your interests and guide you through the buying process. A lawyer charges normally 1% plus VAT of the final sale price.

Mortgage costs

If you want to finance your purchase (or partly) by means of a mortgage loan, then there are a number of additional costs. A valuation will be required by the lender which will cost between € 250 and € 500. In addition to finance itself, depending on the provider (the bank) a fee will be asked which is usually 1% of the principal. Additionally, a tax will be levied on the mortgage registration of 1% increased with notary, registration and legal fees which often comes out between 2.5% and 3% of the total amount when obtained.

Notary charges

These costs are usually paid by the buyer and are depending on the sale price, the number of properties purchased and the number of pages on the relevant purchase contract. As an indication you just have to take in account 0.5% of the purchase price.

Plusvalía tax

This is a local tax that is calculated based on the number of days that the land, which belongs to the property, has been owned by the seller. The act requires that this tax should be paid by the seller unless otherwise agreed. An indication of this tax will have to be studied after documentation has been obtained.

Total cost

All in all, you will need to give 11% cost of the purchase price to count when buying without finance and more when you require a mortgage in Spain and/or for the more expensive objects.

