The Spanish Taxes

Buying or selling new or resale property in Spain brings a few financial consequences if none of you is resident in Spain. Below follows a short enumeration of the most important Spanish taxes and levies. We advise you to contact a (Spanish) accountant office for the exact calculation of your personal situation.

Income tax (=Impuesto sobre la renta de las personas físicas)

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Valid for people who do not live in Spain and who do not have a stay-permit .Foreign homeowners are charged by the Spanish government with a so called ‚rent tax'. Spanish citizens do not pay this tax. You are charged a tax of 25% over 2% of the official value (land register) of your property when the house is not offered for rent. When you do so, you pay 25% over this income. For the period the house was not rented out you pay a proportional rent tax

Property tax (=Impuesto sobre bienes inmuebles)

The owner of the property pays between 0.3% and 0.6% property tax. The percentages differ from county to county. Both residents and non-residents pay property tax.

Property tax - extra (=Impuesto extraordinario sobre el patrimonio)

Property tax for non residents in Spain. For foreigners without a stay-permit the property tax is not free of tax. For every euro you pay tax for your property. The percentage is progressive from 0,2% up to 0,5%.

Tax on the increase property value (=Plusvalia)

When you sell your house and land you always pay tax to the community; notwithstanding the period you have been the owner of the property.

Capital gains tax (=Impuesto sobre incremento de patrimonio de la venta de un bien inmueble)

A Spanish citizen presumably will not pay tax for his permanent house ownership, when this profit is re-invested in buying a new house. When the last property was cheaper, the tax for the

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profit gained will be 18%, excluding specific deductions. When a Spanish citizen sells his holiday house with a profit, he has to pay between 20% and 24% taxes, excluding specific deductions, even when this profit is re-invested in a new holiday house. Someone not registered in Spain also has to pay 20% tax of the profit. The notary will keep 3% of the amount and pay it directly to the Spanish government as a kind of pre-tax. However, now the buyer is responsible for paying this tax. When he doesn't do so, he will be responsible in case the house-seller is ‚gone' and left the country.

Transfer tax (=Impuesto de Transmisiones Patrimoniales)

When you buy the house from a private person, you pay 8% of the official value. When you buy the house from a professional land broker, you pay the Spanish VAT.

VAT (=IVA)

When you buy a piece of land from a professional land broker you pay 21% VAT; from a private person you pay 10%. When you buy a new house and a piece of land from a professional land broker you only pay 10%. When you first buy the land you pay 21% VAT, even when you build a house on it later. The tax for the new house is 10% VAT. When you build a garage or a swimming pool together with the house, you also pay 10%. When you build a garage or a swimming pool at an existing house you pay 21% VAT. For small reconstructions (not larger then 25% of the total value) you pay 21%.

Construction tax (=Impuesto sobre construcciones, instalaciones y obras)

To appy for a building permit you will be charged at about 2,5% of the value of your property. This value is calculated by the architect. The architect often includes the percentage in his fee and will pay this tax for you.

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