



LEGAL CORNER:

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SELLING EXPENSES

Q. What taxes will we have to pay if we sell?

A. The situation varies depending if you are a resident or non-resident of Spain. (having a certificate of residencia comunitaria is not sufficient proof of this/to find out if you qualify as a Spanish resident consult the tax office or your solicitor)

NON RESIDENTS.

The capital gains tax rate since 1st of January of 2012 is 21 % of your net profit.

The rate is applied to the difference between the acquisition price by purchase (or inheritance) and the sales price. (the prices used are the ones shown on the deeds of acquisition/inheritance and sale)

You are allowed to apply a reduction to the taxable base: For every year after the second of ownership up to 1996, you are allowed to reduce the taxable base by 11.11%. For every year you have owned the property after 1996, you are only allowed to reduce the taxable base by the annual official inflation which is published each year with the national budget unless the sales price is over 400000 euro in which case this allowance is not applicable.

When you have calculated the net taxable base the rate is 21%.

To add to the complication also be aware that the purchaser will retain 3% of the sales price on account of the capital gains tax of the seller and will pay it into the tax office within 30 days. It is

***A good solicitor
will make sure you
receive your sales
price with-ought
any risk and that
you pay the
minimum amount
of tax possible.***



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then up to the seller to calculate what the real capital gains tax using the calculation above is and then , either claim some back , or pay the difference to the tax office .

RESIDENTS.

If you are a resident the first thing to look into is:

1. The possible total or partial exemption from capital gains tax due to reinvestment o.(roll-over)
2. The possible claim of total exemption if you are over 65 years old.

In both cases there are certain conditions that have to be met to qualify for these exemptions.

Consult a solicitor to find out how to qualify

If you do not qualify for any of the above exemptions the rate of tax applied to your profit is 21% for profit up to 6000 euros, 24% for profit between 6001 euros and 24000 euros and 27% of the profit above 24001 euros. The rules to calculate the profit are the same as for non residents explained above.

Other taxes and fees to expect:

Plusvalía tax: this is a local tax on the increase in value of the land , which depends on the valuation established by the rates department. The town hall will happily calculate this for you on presenting title deed and last rates bill. Remember you will not have to pay plusvalía if you have paid plusvalía on the acquisition (by any title) within the last year. (if a transaction within the last year has been in respect to part of the property you do not pay again in respect to that part)

Solicitors fee: This varies depending on the circumstances of the transaction, if their is a tax claim to be made etc. . The best advice is to ask for a budget in writing.

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