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Buying a Home in Spain

A legal guide for international buyers on the property purchase process

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Introduction

Why buying in Spain is different for foreigners



Buying a home in Spain can feel like a **daunting process** for international buyers, especially since laws and procedures can differ significantly from those in your home country. In Spain, the purchase process involves a series of legal steps that require **a clear understanding** of specific requirements, such as obtaining the NIE (Foreigner Identity Number) and the notary's crucial role. It's also important to bear in mind the various applicable taxes, as well as local regulations that can affect the transaction.

Buyers are often unfamiliar with the concept of due diligence, which is essential to avoid unpleasant surprises. It is therefore **imperative** that buyers inform themselves and seek legal advice from the outset. This will not only ensure that all legal requirements are met, but will also provide peace of mind throughout a process that can be complicated.

To simplify this process, we have structured our guide into five key phases. This way, buyers can **successfully navigate** every stage of purchasing their new home in Spain.

PHASE 1

Preliminary steps: NIE and a Spanish bank account



To **buy a home in Spain**, you must first obtain the NIE (Foreigner Identity Number). This document is required to sign contracts, open a bank account and pay taxes. Obtaining the NIE is fairly straightforward and costs around €10. It can also be arranged through a power of attorney, letting buyers complete the process without travelling to Spain — provided the document carries a Hague Apostille and a certified translation.

Opening a Spanish bank account is likewise essential, since it will be needed for notarial payments and managing the property's utility bills. Acting through a power of attorney makes the process easier, letting buyers move their purchase forward without setbacks. Once these preliminary steps are complete, future owners are better prepared for the next phases of the purchase process, for a smoother, less stressful experience.

PHASE 2: DUE DILIGENCE



The **due diligence** stage is crucial when buying a home in Spain. During this process, it is essential to review a series of documents confirming the property's legal standing and viability. Key documents include the Land Registry extract (nota simple), previous title deeds, the town-planning certificate, and the homeowners' association minutes. Bear in mind that, in the case of community debts, the new owner may be liable for up to three years of arrears. A thorough review is therefore essential to avoid unpleasant surprises. We also recommend taking out home purchase insurance to minimise residual legal and financial risk.

PHASE 3: PRIVATE CONTRACTS



At this stage, it's essential to understand the different types of **arras (earnest deposits)** used during the purchase process. **Arras penitenciales (withdrawal deposits)** are the most common: the buyer forfeits the deposit if they pull out, while the seller must return double if they withdraw. **Arras confirmatorias (confirmatory deposits)** do not allow unilateral withdrawal, while **arras penales (penalty deposits)** include a compensation clause. There is also the option of an optional reservation contract. Each type of deposit carries significant legal implications, so it's essential that a lawyer reviews any contract before signing — this ensures all parties understand the terms and avoids problems later on.

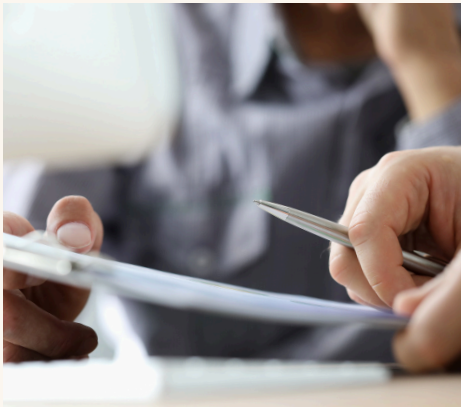
The Signing

Signing before a notary: key steps and considerations



When it comes to **buying property in Spain**, signing before a notary is a crucial step. The buyer is free to choose the notary's office, giving greater flexibility and control over the process. An interpreter is important if the buyer doesn't speak Spanish, since the deed must be fully understood before signing. During the signing, it's also essential to bear in mind the 3% withholding on the sale price that applies to non-resident sellers. This amount must be declared using form 211, ensuring compliance with tax obligations. As for payment methods, the buyer can choose a nominative bank cheque or a bank transfer. Finally, notary fees range from €600 to €750, depending on the complexity of the deed and the property's value. Being well informed and accompanied by a lawyer throughout this process can help avoid future problems and unexpected costs.

Taxes and Post-purchase Procedures



Once the purchase is complete, it's crucial to understand the **associated taxes** and the procedures that follow. Buying a home in Spain involves different taxes depending on the type of property. For new-build homes, 10% VAT applies, plus Stamp Duty (AJD) of around 1.5%. For resale properties, Property Transfer Tax (ITP) applies instead, ranging from 6% to 11%. In addition, municipal capital gains tax (plusvalía) and personal income tax (IRPF) or non-resident income tax (IRNR) must be considered for the seller. Once the purchase is complete, the property must be registered, utilities and the IBI (property tax) transferred into the new owner's name, and the Land Registry (Catastro) notified of the change.

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