

Property Selling Guide.

Capital gains tax (CGT) in Spain refers to the tax imposed on the profit realized from the sale of assets. Unlike some countries like in the UK in which this tax works independently, in Spain we find it integrated within the personal income tax (IRPF). The Spanish tax system is really complex and different from the rest, this tax applies when an asset is sold for more than its purchase price, so we will try to be as clear as possible.

1) Capital Gains for non-residents in Spain:

When selling a property in Spain the Capital Gains tax for non-residents is a fixed rate of **19%** regardless of the amount.

2) Capital Gains tax for residents in Spain:

If you are a resident you will pay capital gains tax between **19% to 28%** on the profits achieved from the sale of the property. Individuals who are considered tax residents in Spain are taxed on their worldwide asset sales.

Capital Gains tax for residents in Spain are as follows:

The net profit is obtained by calculating the difference in the fees you had paid between the purchase price and the sale price.

Gain	Capital Gains Rate
€0 – €6,000	19%
€6,001 to €50,000	21%
€50,001 to €200,000	23%
€200,001 to €300,000	27%
€300,000 +	28%

Reinvestment Exemption:

If you sell your primary residence and reinvest the full amount into another main home within two years, the capital gain may be exempt. If you think you might be eligible for exemption, speak to a lawyer/accountant, as this can make a big difference on the fees you pay.

(You may be able to claim various costs against your Capital Gains Tax including:)

- 1) Lawyers or Solicitors fees
- 2) Notary fees
- 3) Estate agent fee
- 3) Home improvements
- 4) Building work

Costs related to significant improvements on the property can be deducted from gain calculations. IE, kitchen, bathrooms, building work, tiling, swimming pool, etc. (You must have receipts and copies of all the licenses and invoices. The copies will help you offset the expenses against the capital gains when you decide to sell the property in future, thereby reducing your capital gains tax on the selling of the property)

Tax Provision (Retención) (3% for non-residents only) on the declared sale price.

On the day that you complete on the transaction at the notary there will be a charged of 3% of the total amount which will be deducted from the final money that you will receive. This is a part payment of the main 19%, the rest of the payment will be made at the tax office.

There are five primary expenses when selling your property.

- 1) Capital gains tax
- 2) Plusvalía tax
- 3) Energy efficiency certificate
- 4) Electrical bulletin
- 5) Lawyers/agent fee

1) Capital Gain Tax:

If you are a Spanish resident you will pay capital gains tax between **19% to 28%** on the profits achieved from the sale. Capital Gains tax for **non-residents** is a fixed rate of **19%**

2) Plus valía Tax:

Plusvalia tax is paid to the local town hall where the property is located. The calculation is based on the increase of the value of the land, known as valor catastral, and the number of years you were the owner. The amount will vary from one town hall to another, try to contact your local town hall to get a calculation before selling.

3) Certificate of Energy Performance:

This has been compulsory in Spain since 2013, this is something you need to arrange when you put your property on the market. You cannot sell your property without this Certificate. It can cost between €80 to €350 Euros depending on the size of the property. You can ask your property agent to organize this for you.

4) Electrical bulletin:

The property must be handed over with the actual “ boletin” of electrics to prove the installation conforms to actual legislation and can be changed over to new owners. If the installation is older then 20 years a new bulletin will be required.

5) Solicitors / Lawyers fees:

These are cost that are charged by your own solicitor or lawyer.

Residents who are aged 65 and over:

If you are 65 and over and you are selling your primary residence you are not liable to pay capital gains tax. Again you will need to prove that you have lived in Spain for 3 years or more and intend to continue living here. If you intend to go back to your home country you will pay 3% tax on the full declared price on completion and then in your next years tax declaration you can claim this money back from the tax office. If you don't declare your taxes here, but can prove that you earn less than 11,200 euros per year, then you are exempt from paying Capital gains tax.