



## **SELLING YOUR HOUSE**

People usually think it is not necessary to involve a solicitor when selling. Don't risk it! AT Despacho Jurídico can ensure that you avoid any last minute hiccups which might otherwise ruin your sale. Crucially, we also make sure that all your tax obligations are correctly fulfilled. Here's a brief explanation of the most important topics to take into account:

### 1. Details of the sale:

The seller needs to inform AT Despacho Jurídico if the property is being sold through an estate agent or if it is a direct sale with the buyers. If required we can prepare a sales contract in order to receive a down payment.

We also need a copy of the Deed of the house, all the contact details of the other parties, and the latest bills for water, electricity, local rates (IBI/Suma), community fees and rubbish collection.

If there is a mortgage upon the property we need your bank contact details. Coordination of the cancellation of the existing mortgage is included in our fees.

Finally we need you to confirm the sale price you are asking and an estimated completion date.

### 2. Completion

Be aware that all the owners are obliged to sign the Deed of sale of the property. In order to complete you can come to Spain to sign the Deed or we can act on your behalf via PoA. If you are unable to come over to Spain, we can prepare a PoA for you to sign back at home.



### 3. Fees, expenses & Capital Gains Tax

Please contact our office to get the current tariff of fees. Our fees include the following services:

- Coordinating all parties for completion at the notary.
- Cancellation of any existing mortgages.
- Payment of your plusvalia tax.
- Calculation and serving your capital gains tax return.
- Cancellation of direct debits.

As the vendor, you need to be aware that you are liable for the payment of **PLUSVALIA TAX** to the Town Hall where the property is located. This is not a fixed tax so we need to obtain a pre-liquidation from the Town Hall. We will need a copy of your last local rates receipt.

AT Despacho Jurídico will also make all searches to see if the utilities bills are up to date and if there is any debt we will withhold the necessary funds on completion to cover such bills.

Please note that the seller is also liable to pay **CAPITAL GAINS TAX** from the sale of his/her real estate property. The capital gains tax rate is 21% on the profit of the sale. In simple terms, the taxable profit is the difference between the transfer value and the acquisition value.

If the vendor is a non-resident in Spain the buyer is legally obliged to set aside and deposit **3% OF THE SALE PRICE** with the Spanish Public Treasury on completion. This is retained by the Treasury until your Capital Gains Tax liability has been settled.

For the seller, this retention acts as a payment on account of capital gains tax arising from the transaction. Should the amount withheld be greater than the



tax liability, the seller is entitled to a refund of the difference. If the amount is lower, the seller is obliged to pay the outstanding capital gains tax.

This tax computation is complex, and quality professional advice is absolutely essential from the outset, in order to get it right. AT Despacho Jurídico will help you and in many cases assist you to save what could well be a considerable amount – significantly more than our fees.

Be aware that in order to receive the money back from the Inland Revenue the vendor must be up to date on payment of his/her past non-resident income tax. **Currently, the Inland Revenue is taking around 6 / 8 months to return the money.**

Finally, when AT Despacho Jurídico receives all the requested details about the sale, a breakdown of payments is sent to the vendor so he/she has a crystal clear budget of what the sale proceeds are going to be.