

# Complete Guide to Buying a Property in Spain

Your definitive roadmap for a safe and successful investment.

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## Introduction: Your Dream of a Home in Spain, Made a Reality

Buying a property in Spain is an exciting project, but the process can seem complex and full of paperwork. This guide has been created by the expert team at SpainTaxGuide.com to accompany you every step of the way.

Here you will find a clear and simple breakdown of the 9 fundamental steps you need to follow, from the initial preparations to the final procedures once you have the keys in your hand. Our goal is to give you the confidence and knowledge necessary to make the best decisions and ensure your investment is a complete success.

Let's start this journey together.

## Step 1: Essential Preparations - NIE and Bank Account

### Obtaining the NIE

The Foreigner Identification Number (NIE) is your key to any economic transaction in Spain. It is absolutely essential for buying a property, paying taxes, or setting up utilities.

- **What is it?** A unique, personal, and exclusive number that identifies you to the Spanish authorities.
- **How to apply?** You can do it at the immigration offices of the National Police in Spain or at the Spanish consulate in your country of residence.

### Opening a Bank Account

Although not strictly mandatory, opening an account in a Spanish bank is highly recommended. It will greatly simplify the entire process.

- **Facilitates Payments:** You can easily manage the transfer of funds for the reservation deposit, the "arras" payment, the final purchase price, fees, and taxes.
- **Future Management:** It will be essential for setting up direct debits for recurring property expenses, such as utility bills (water, electricity), community fees, and the Property Tax (IBI).

## Step 2: The Search and the Offer

### Property Search

With the NIE and bank account ready, the most exciting part begins.

- **Define Your Criteria:** Be clear about your maximum budget, the area you are interested in, and the features your ideal home should have.
- **Explore:** Use online property portals, contact local agencies, or leverage your network.

### Making an Offer

When you find the perfect property, it's time to act.

- **Formal Offer:** Submit a written offer to the seller.
- **Reservation Deposit:** If the offer is accepted, it is common to sign a reservation document and pay a small amount (usually between €3,000 and €6,000) to ensure the property is taken off the market while your lawyer performs legal checks.

## Step 3: The Key Verification - Due Diligence

This is arguably the most important step to protect your investment. Before committing to a larger payment, your lawyer must conduct a thorough investigation of the property.

- **Who is the Owner?** The Land Registry is checked to verify the true ownership and ensure there are no discrepancies.
- **Are there any Encumbrances?** Checks are made for any outstanding debts, such as mortgages, liens, or usufructs affecting the property.
- **Is it Legal?** The urban planning situation is analyzed to ensure the construction is legal, has the correct licenses (like the License of First Occupation), and is not subject to any sanctions.
- **Is Everything Up to Date?** It's confirmed that there are no debts with the homeowners' association or with the IBI (Property Tax).

**Never sign a deposit contract ("contrato de arras") until your lawyer has completed the due diligence and given you the green light.**

## Step 4: The Firm Commitment - The Deposit Contract (Contrato de Arras)

With the assurance that the property is in perfect legal condition, you proceed to sign the **"Contrato de Arras Penitenciales"** (Penitential Deposit Contract).

- **What is it?** It is a binding private contract between the buyer and seller.
- **The Deposit:** In this act, as the buyer, you hand over a significant amount, which is typically 10% of the total sale price.
- **Clear Conditions:** The contract details all the conditions of the sale: final price, property description, distribution of costs, and, very importantly, the deadline to formalize the sale before a notary.

- **Penalties:**

- If you, as the buyer, back out, you lose the 10% you have paid.
- If the seller backs out, they must return double the amount you paid (your 10% plus another 10% as a penalty).

## **Step 5: Financing (If You Need It)**

If you are not buying the property with your own funds, this is the time to finalize the mortgage procedures with your bank. To have reached this point, you should have already negotiated the terms, and the bank should have appraised the property and approved your application.

## **Step 6: The Final Moment - Signing Before a Notary**

This is the act that officially makes you the owner.

- **What is the Public Deed of Sale?** It is the legal document that formalizes the purchase.
- **The Signing Act:** It takes place in the presence of a Spanish notary, who gives public faith to the act. At this moment:
  1. The rest of the agreed-upon money is paid (usually by bank draft).
  2. The seller hands you the keys to the property.
  3. The Public Deed of Sale is signed.

## **Step 7: After Signing - Taxes and Registration**

Becoming a homeowner doesn't end at the notary's office. Two crucial steps remain:

1. **Payment of Taxes:** You must pay the taxes associated with the purchase within 30 days.
  - **Resale property:** Property Transfer Tax (ITP).
  - **New property (direct from the developer):** VAT and Stamp Duty (AJD).
2. **Inscription in the Property Registry:** Once the taxes are paid, the deed is presented at the Registry to inscribe the property in your name. This step is fundamental for your ownership right to be fully recognized against third parties.

## **Step 8: Informative Obligation - Foreign Investment Registry**

An important and often overlooked step is the obligation to declare the investment to the Foreign Investment Registry of the Ministry of Industry, Commerce, and Tourism.

- **What is it?** It is a declaration for statistical and administrative control purposes. It does not involve paying a tax, but failure to file it can lead to penalties.
- **How to declare?** Through Form D-2A, which is submitted electronically.

Not all purchases require this declaration. Here is a clear summary:

Situation	Is it necessary to file Form D-2A?
Purchase of a property for <b>more than €500,000</b>	✓ <b>Yes</b> , mandatory for each property.
Investment of any amount from a <b>tax haven</b>	✓ <b>Yes</b> , always declared.
Property for <b>€500,000 or less</b> (no funds from tax havens)	✗ <b>No</b> , it is not necessary.
Several properties, each $\leq$ €500,000, even if the sum exceeds it	✗ <b>No</b> , the obligation is assessed individually.

## Step 9: Final Formalities

You're almost there! Only the last practical details remain:

- **Change of Utility Ownership:** Put the bills for water, electricity, gas, etc., in your name.
- **Notify the Community:** Inform the administrator of the homeowners' association of the change of ownership.
- **Set up Direct Debits for Taxes:** Arrange for the payment of the IBI (Property Tax) and waste collection fee to be charged directly to your Spanish bank account.

## The Ultimate Buyer's Checklist

Use this list to make sure you don't forget anything.

### PHASE 1: PREPARATION

- [ ] Apply for and obtain the NIE.
- [ ] Open a bank account in Spain.
- [ ] Define budget and get mortgage pre-approval (if applicable).

### PHASE 2: SEARCH AND NEGOTIATION

- [ ] Search for properties that meet your criteria.
- [ ] Make an offer on the chosen property.
- [ ] Sign a reservation document and pay the initial deposit.

### **PHASE 3: VERIFICATION AND CONTRACT**

- ☐ Hire an independent lawyer.
- ☐ Complete the Due Diligence (legal and technical review).
- ☐ Receive a favorable report from the lawyer.
- ☐ Sign the Deposit Contract (Contrato de Arras) and pay the 10% deposit.

### **PHASE 4: CLOSING THE DEAL**

- ☐ Formalize the mortgage with the bank (if applicable).
- ☐ Prepare the funds for the final payment.
- ☐ Sign the Public Deed of Sale before a notary.
- ☐ Make the final payment and receive the keys.
- ☐ Pay the taxes (ITP or VAT/AJD).
- ☐ Inscribe the property in the Property Registry.

### **PHASE 5: POST-PURCHASE**

- ☐ Declare the investment (Form D-2A, if applicable).
- ☐ Change the ownership of utilities.
- ☐ Notify the homeowners' association.
- ☐ Set up direct debit for the IBI and other local taxes.

### **Do you need professional help with any of these steps?**

At SpainTaxGuide.com, we are experts in assisting foreign clients throughout the entire purchasing process. From reviewing contracts to the tax planning of your investment.

**Contact us and ensure a smooth and successful purchase.** [www.spaintaxguide.com](http://www.spaintaxguide.com) | [info@spaintaxguide.com](mailto:info@spaintaxguide.com)