



BUYING A PROPERTY IN SPAIN AFTER BREXIT:

Frequent Asked Questions.

- ✓ Has the conveyancing process changed for UK nationals?

No, the property purchase process has no changed as a result of Brexit.

However, as an exception to that rule, as from 1 January 2021, UK nationals who wish to buy a property or land surrounding a military base in Spain, will need a military permit from the Spanish Ministry of Defence, as per Law 8/1975¹.

- ✓ **I own a property in Spain: Has Brexit affected my ownership rights?**

Property rights are not linked to residency status and accordingly, all owners of property in Spain have the same rights.

- ✓ **Will my Foreigners' Identity Number (NIE) change as a result of Brexit?**

In accordance with the *Real Decreto* 338/1990, the obtaining of a Fiscal Identification Number for all non-residents (NIE), Companies or Individuals is necessary when dealing with bank accounts, effecting monetary transactions and forwarding declarations for Wealth Tax and Income Tax.

If you had a NIE before Brexit, it is still valid after 1st of January 2021.

- ✓ Will I pay more tax when selling or buying my property in Spain after Brexit?

No, the same taxes involved in a transfer of property at the same ratios operate after Brexit.

¹ [BOE.es - BOE-A-1975-5292 Ley 8/1975, de 12 de marzo, de zonas e instalaciones de interés para la Defensa Nacional.](https://www.boe.es/boe-A-1975-5292-Ley-8/1975-de-12-de-marzo-de-zonas-e-instalaciones-de-interes-para-la-Defensa-Nacional)

✓ How about renting out my Spanish property?

As from 1 January 2021 (Brexit), British tax residents have become liable for higher rate of non-resident income tax of 24% as opposed to the previous lower rate of 19% which applies to European tax residents.

In addition, Britons owning property in Spain can no longer offset expenses incurred in the management of the property rented out such as community fees, repairs or IBI tax (*Impuesto sobre Bienes Inmuebles*) tax, which is the equivalent to the UK council tax.

Example

Samantha has rented out her property during 6 months, receiving a monthly rental income of 1.600 Euros.

$1.600 \times 6 = 9.600$ Euros as a rental income.

During these 6 months of rental period, Samantha incurred in expenses (repairs, IBI and community fees) which reached the total amount of: 1.400 Euros

1.400 Euros as expenses.

How much tax will Samantha pay?

	PRIOR BREXIT	AFTER BREXIT
	Until 30/12/2020	From 01/01/2021
Gross income	9.600 €	9.600€
Deductible expenses	1.400€	not entitled
Net income	$9.600 - 1.400 = 8.200€$	9.600€
Non resident tax to be paid by Samantha	$8.200\%19 = 1.558€$	$9.600\%24 = 2.304€$
	1.558€	2.304€

It is important to note that United Kingdom and Spain has a double tax treaty in place, which prevents paying twice for the same income in both countries.

✓ What is required to purchase a property in Spain?

You can find the information in the following link:

<https://scornik.com/practices/conveyancing>

Laura Gallego Herráez

The Brexit Law

Operated by Scornik Gerstein LLP - london@scornik.com - (0) 207 831 7070