

## SERVICES GUIDANCE

### INTRODUCTION

GM Legal Experts is a Solicitors & Lawyers Firm with one of the largest reputation in Spain for Legal Advice and Property Investments. Our expert team of professionals is made up of qualified Solicitors, Lawyers & Accountants with the skill to offer practical and specialized legal & fiscal advice in a responsive manner.



We are proud to say that our condition of independent & qualified legal advisors and our wide range of services turn us into a point of reference for the Non Residents in Spain.

Our main offices are located in Guardamar del Segura (Alicante) and Garrucha (Almería), but we also provide services to our clients around the country.

Please note that the information shown on this services report is for general guidance, so please do not hesitate to get in touch with us for more specific advice in relation to any particular matter.

### CONVEYANCING

GM Legal Experts provides his clients with free advice in the first meeting to make the right legal, fiscal and financial planning, adjusted to the client's profile.



**Before completion** GM checks the following items to confirm that the property fulfils with the Spanish Law and you are investing in the right property:

- The Ownership and the confirmation that the property is free of all charges and liens (Property Registry). Also, if the Seller is a LTD Company, we check the Company profile.
- The Building Permit and Town Planning situation.
- The Bank Guarantee on stage payments (for new properties).
- The Purchase Contract: We check all the required clauses an annex are included.

**When completion** the seller and the buyer sign the Public Title Deed in the presence of a Notary, who is a public official who arrange the Title Deed and certifies that the contract has been signed by both parties properly.

The purchase taxes and expenses calculation is based on purchase price. The taxation is different for new and re-sale properties:

- **New Properties:** The V.A.T., which is 7% (16% for commercials); and the Stamp Duty Tax, which is 1% (depending on Spanish Region).
- **Re-sale Properties:** The 7% Transfer Tax (depending on Spanish Region).

When the Title Deed is signed, we make the Tax payments and get the property inscribed at the Registry of Property. We also contract the water and electricity supplies if required.

### SALE CONVEYANCING

From the very beginning of the process, the GM Legal Experts legal staff will secure the sale transaction arranging the required documents in coordination with the buyer.

The **Sale Legal Process** before completion involves:

**Reservation / Purchase contract checking**, taking control of the payment schedule.

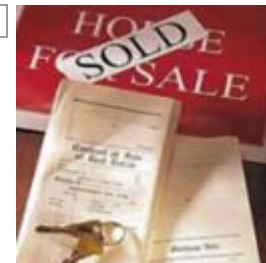
**Property's Paperwork:** We will arrange the required paperwork and information in coordination with the Buyer.

**Mortgage Cancellation** (if required).

When completion the seller and the buyer sign the Public Title Deed in the presence of the Notary. When the Title Deed is signed, GM Legal Experts arrange the **Tax payments for the Sale**, which are:

- The 3% Non Residents Tax Retention.
- The 18% Capital Gain Tax on net profit, discounting the amount given as 3% retention.
- The Increase of the value of the land Tax.

GM Legal Experts will manage the whole sale process on your behalf, arranging all the required paperwork and making all the tax payments.



### MORTGAGES

If when completion you require financing to fulfil with the last stage payment of the purchase, you can take over a Spanish mortgage on the property.

GM Legal Experts is dealing permanently with the Banks to get the best mortgage deal possible.



We summarize the types of mortgages as:

**Capital & Interest Repayment:** The maximum amount allowed is 70% on property valuation made by completion. The payment is made up to 60% by the capital and 40% by the interest.

**Interest Only Mortgage:** The maximum amount lent is 60% or 70%-80% on property valuation made on completion. The repayment is made up just by the interest up to 15 years (if 60%) or from 5 to 10 years (if 80%-70% respectively).

The **maturity period** for the above types of mortgages is from 20 to 30 years (depends on your age). Please get in touch with us for more information about the **current interest rates**.

**The Mortgage Expenses:** to take over a mortgage generates the following expenditure:

- Stamp Duty Tax: 1.7% on mortgage amount allowed (approx).
- Notary and Property Registry Fees.
- Opening Fee.
- Valuation and Bank Management Fees.

The loan purpose is the major factor to decide the type of mortgage you would like to take over. Also we can provide you re-mortgages & equity release with very attractive rates.

## INVESTMENTS

The decision of investing in Spanish Properties is made taking into account the following factors:

**Property location:** the property appraisal is different depending on the Spanish Region and area.

**Investment purpose:** there are different tax involvements if the property is purchased to resell it or to rent it.

**The safety of the investment:** the legal searching made by GM Legal Experts confirms you are investing in the right property.

### Investment ways

The investment can be made by Individual or by Company, so a professional and qualified fiscal advice becomes crucial.



### **By Individual (Non Resident)**

**To Rent:** 24% Income Tax on gross income.

**To Sell:** The 18% Capital Gain Tax on net profit (discounting the 3% retention) and the Land Increase value Tax.

### **By Company**

**To Rent:** 25% Income Tax on net income (expenses are deductible).

**To Sell:** The 25% Capital Gain Tax on net profit (if profit is lower than € 120.000) and the Land Increase value Tax.

You may know that for the above two investment hypothesis is possible to claim back the V.A.T.

## **COMPANIES**

If you are investing in Spanish Properties or setting up your business in Spain, we recommend you to set up a **Spanish Company**, because:

- The liability is restricted to the share capital.
- There are accountancy advantages (company and business expenses are deductibles).
- Favourable Tax treatment (please check service "Investments" to get more information about tax implications when purchasing properties by Spanish Company).



The **minimum share capital** required to set up a Company is € 3.000 (if Ltd Company) or € 60.000 (if Stock Company). You can decided on the Articles of Association (or Company's Deed) how many managing directors and shareholders own the Company (just one managing director / shareholder is allowed by the Spanish Law).

The **main steps of the setting up process** are:

- To registry the Company's Name.
- To open the Company's Account and deposit into it the share capital.
- To sign the Articles of Association (or Company's Deed) in presence of a Notary.
- To get the provisional Tax Identification Code for the Company (C.I.F. number).
- To pay the Stamp Duty Tax and arrange the registration of the Company at the Companies' Registry.
- To run the Company activity at the Tax Office (it can be made when the Company's Deed is signed as well).

GM Legal Experts will manage the whole process on your behalf, keeping you informed about every step made.

## FISCAL ADVICE

As a independent company, our Fiscal advisors team' sole objective and activity is to provide unbiased fiscal services to our clients, so we make sure they are taking **full advantage of fiscal opportunities and overcome potential tax risks.**



Our fields of specialization are:

- Fiscal representation.
- Inheritance Tax.
- Income Tax.
- Spanish Fiscal Residency.
- Tax Relief.
- Wealth Tax.
- Property Taxation.
- Saving Schemes.
- Double Taxation Agreements.

GM Legal Experts Fiscal team provides optimum support for clients' interests in the above areas, **avoiding eventual tax problems and delivering consistent fiscal and economical services** that you can rely on.

## WILLS

If you have purchased a property in Spain GM Legal Experts recommends you to make a **Spanish Will** to avoid expensive legal problems or conflicts with the Spanish Authorities and your heirs.



The Spanish Will has **to be signed in the presence of the Notary** and must fulfil with some legal formalities. However, **your Will can be ruled by your National Law** (you are not forced to follow the Spanish Law).

GM Legal Experts will prepare the Will in accordance with your instructions, being sure that fulfils with the formalities required by Law and providing you advice and assistance about its clauses and the tax implications. Also, we will assist you as interpreters in the Notary and manage to get your authorized copy.

## ACCOUNTANCY

If you are buying or selling properties in Spain, you will require a **professional team of accountants dedicated to your property investment**. Gm Legal Experts accountancy department will take care of your administrative burden, giving you the proper advice and peace of mind.



Our Accountancy Department is specialized on **Non-Resident taxes and Investment Companies**.

- Our Accountancy service involves:
- Bookkeeping and accounts preparation.
- Preparation and filing of Spanish tax returns.
- Spanish company formation.
- Registration of new businesses for tax and social security if required.
- Tax advice on setting up a business in Spain.

## RESIDENCE CARD

Once you have lived in Spain for **more than six months**, you are no longer considered a tourist, so GM Legal Experts highly recommends you to apply for a residence permit (since March 2003, EU citizens who are living or working in Spain do not need to apply for the Residence Card, but many times, for tax purposes, Residence Card is the only way to prove you are Spanish Resident).



The residence card has to be **applied in person by the applicant at the local police station or oficina de extranjeros**.

To get a residence card takes about six - eight months. Meanwhile Government provides to the applicants a document showing you have applied for "residencia", and this can be used in place of the residence permit for many arrangements.

As laws constantly change, we recommend you to contact us for getting further information about requirements.

Finally you may now that the Spanish Resident has a more favourable fiscal treatment when buying or selling his main home.

### **N.I.E. NUMBER**

In Spain you cannot legally buy property, a house, car, boat etc without having applied to the police or Spanish Consulate for your **NIE number** and had your NIE documentation returned.



There is the belief that solicitors and others may apply for the NIE number on behalf of applicants but in July of 2003, **the law required that the applicant apply in person.**

To avoid you unnecessary headaches and wastes of time in the public offices, GM Legal Experts will prepare the form and other required paperwork for a very low cost, advising you about requirements, public offices location, etc.

### **WEALTH TAX**

Spanish residents and non-residents property owners are liable to Wealth Tax (*Impuesto sobre el Patrimonio*).

Wealth tax is a direct tax levied on your **assets and property located in Spain** as at 31<sup>st</sup> December of every year (in arrears).



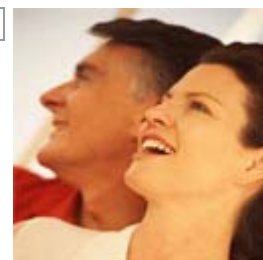
**Spanish non-resident property owners are always taxed** on their assets located in Spain (car, houses, bank accounts etc...)

Tax Rates are progressive depending on type of property and tax property value, and tax rates are applied according to the Spanish law applicable; national or regional law. GM Legal Experts accountancy department will manage the registration and payment of the Wealth Tax on your behalf, providing you accurate information about any taxation issue.

### **SPANISH N.H.S. CARD**

Spanish Residents are qualified for Spanish State health care.

The process and paperwork required to get registered in the Health Care System are different depending on your personal status (pensioner, employed, self employee) but Spanish Resident Card application form is always required.



GM Legal Experts will provide you accurate advice and arrange for you to obtain the Spanish NHS Card avoiding unnecessary delays.

**COSTA BLANCA:** Calle Doctor Luís Rivera nº 15, bajo.  
Guardamar del Segura (Alicante). C.P. 03140. P.O. Box 187.  
Telf: 96 572 72 95 / Fax: 96 572 74 11

**COSTA DE ALMERIA:** Calle Mayor, 98. Vera (Almería). C.P. 04620.  
Telf: 950 393 736 / Fax: 950 390 197

**GM LEGAL EXPERTS**

**Asesores y Abogados  
Solicitors & Lawyers  
Berater und Rechtsanwälte**

## **INSURANCE**

We are proud to inform you we are registered as Insurance Agents for the two most important Spanish Insurance Companies: MAPFRE and Allianz, providing a wide range of insurances for our clients (house, health, life, public liability, etc).



## **OTHER SERVICES**

Gm Legal Experts also provides other services:

- Power of Attorney (it can be granted in the presence of a Spanish Notary, in the Spanish Consulate or in the presence of your local Notary).
- Contracts made in double column Spanish-English (purchase, sale, reservation agreement, etc.).
- Translations Spanish into English.
- Litigations and Alternative Dispute Resolution.



Should you require further information or assistance regarding any of the above services, please do not hesitate to contact us.

Yours faithfully,

**GM LEGAL EXPERTS**