



## **A Definitive Spanish Guide**

By

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## FOREWORD

Once you have decided to purchase your property, and are considering living in Spain permanently, it is a good idea to know what exactly is involved.

This guide is intended to give you an overview of the likely costs, plus what you need to do, and where you should go, etc.

Do not worry if it all sounds like hard work! As with buying a property in England – you need to get your phones, electricity, council tax etc. transferred into your name.

You also need to know about taking pets abroad, the Health Service, whether or not to take your vehicle across and the implications, and a whole host of other things, including taxes, writing wills, etc.

Use this guide as a reference. We will attempt to keep it as up to date as possible.

You may get a little frustrated with the 'manyana' attitude at times. But it is the way of life, and the pace of life. As long as you do your bit, the Spanish will eventually do their bit too!

Please note that throughout this guide, we recommend the services of a very good Spanish lawyer for the Costa Blanca area.

***We do not benefit financially from this recommendation*** – we simply want you to take advantage of the best service available, and for you to avoid any tears. We have used Manuel's services on several occasions, and we have personally met him. Apart from being a charming man, he is extremely efficient, and reasonably priced. And personal recommendation speaks volumes....

We hope it helps you to make your transition to Spain far less stressful than you envisaged.

Whatever you do, don't let anything in this guide worry you, or put you off. The Spanish are quite forgiving, and quite laid back about almost everything. So as long as you make the right moves, and try to fit in with their society, everything else will fall into place quite happily. At least from this point onwards, you will be totally aware of your obligations. If you choose to ignore them, you will only have yourself to blame. Work with them. And you will experience a quality of life that is unsurpassed.

Regards

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### Disclaimer:

Whilst every attempt is made to ascertain the authenticity of the information contained within this guide, [Spain.uk.net](http://Spain.uk.net) accepts no responsibility whatsoever for any claim arising from its contents.

**It is strongly recommended that you seek advice from a competent lawyer in all transactions relating to the purchase and sale of property, and any matters arising as a result of said transaction(s).**

## The Spanish Health Service

Healthcare in Spain is fully available to EU residents. Spain has a high quality National Health Service, working alongside the private sector.

The standard of treatment is first class, with many of the doctors etc., being able to speak English.

### **Before you become a resident:**

As a visitor, you will not be entitled to public health care unless you need urgent medical attention **and** you produce a form E111 (this is a form for temporary holiday cover). You can obtain this from the DHSS in the UK. I believe that this form is also available at your main Post Office.

### **After you become a resident:**

Once you have become a resident, and you are of pensionable age, or receive state benefit for incapacity to work, you may apply to the DHSS in the UK for an E121, which entitles you to receive national health treatment in Spain once you have made your application for residency. Alternatively, if you have been making UK tax contributions for the last 3 tax years, you can apply for a form E106 form from the DHSS.

This will also be accepted for you to apply for residency and receive medical treatment on the Spanish system, but only for the term specified on the E106. After that, you must make private arrangements for health cover. The Company that we recommend for expats Private Health Cover are PHA. They are in the business of arranging Healthcare insurance for people moving abroad, and are extremely competitive and reliable.

### **Summary of healthcare**

Provided you get the E 111 form for temporary health cover, you can sort out the rest later!

### **Interesting note:**

If you live in an outlying village and fall ill, there is no point in trying to call an ambulance, which may take ages to arrive. Spanish law allows you to exceed the speed limit in an emergency (such as taking someone to Casualty) and you should wave a white hanky out of the window of your car to denote that it is an emergency!

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## Taking Pets to Spain

Have you got pets that you want to take abroad with you? You need a Pet Passport.

If you have, a little forward planning is required, so it is best to start the planning now.

Vets are well organised and can check if your pet's chip is in place which is crucial for passport identification. If your pet has an old chip, which can't be read by D.E.F.R.A. equipment (Dept for Environment Food and Rural Affairs) then you can bring your own reader, or (probably simpler) have the pet chipped again. It is a good idea to check that your pet's microchip can be read before you leave, as it could save a lot of heartache and stress on your return journey.

### ***"I reside in the North of England/Scotland. Why can't I travel via a port nearer to me?"***

This is only a trial. D.E.F.R.A. have decided to start with the most popular services. Once they are seen to work, then the scheme may be extended in the future.

If you do re-enter the UK via an unauthorised route, but your pet otherwise meets all of the requirements for the Pet Travel Scheme, you will still have to put your pet into quarantine (which means getting the proper paperwork for that before you leave). However, you may not have to keep your pet in quarantine for more than a few days. If you can demonstrate that your pet satisfies all the requirements for the Pet Travel Scheme, you can apply for an early release from quarantine.

D.E.F.R.A. has dictated that pets will have to be inspected for ticks and parasites by an approved Vet 24 hours before the return trip to the UK. In practice this will mean when you book your tickets, your carrier will give you a list of English speaking Vets who can give your pet a quick examination 24 hours before leaving Spain, and supply you with the correct proof of examination.

Most of the problems with the scheme thus far have been with arranging this examination, or with incorrect paperwork. For example, travellers have experienced difficulties when entering Britain from France, where some vets were simply using headed notepaper to verify the 'Ticks and Bugs' examination, instead of the official form. Visit [www.petplanet.co.uk](http://www.petplanet.co.uk) where you can download a copy of the French 'Ticks and Bugs' form.

For more information you should contact either:

The Pet Travel Scheme Helpline on **0870 241 1710**;

Your local vet;

Or go to: [www.defra.gov.uk](http://www.defra.gov.uk)

### **Taking pets abroad from Ireland**

The regulations on taking pets abroad and re-entry to Ireland are very different to that of the UK. The regulations are currently under legislative review. Irish residents should seek advice from the Department for Agriculture.

### **The Quality of Spanish Veterinary Care**

The quality is extremely high. You will find many vets with English speaking staff who provide a 24-hour service.

You should consider taking out health insurance for your pets, as treatment in Spain is expensive. You can expect to pay insurance premiums in the region of €70 for a dog and €50 for a cat.

[Click here for currency Conversion](#)

### **Miscellaneous Restrictions**

Depending on where you live, you may find that the local authority have a Registration ordinance for dogs over 3 months old. You should bear in mind when you are viewing properties that the Residents Management Group may have a stipulation prohibiting the keeping of animals. So find out this information before you purchase!

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## Schools

We have found that the education system in Spain for English speaking children is second to none. They seem to get more individual teaching, and the quality of the education is very high.

Your children have the choice of attending local Spanish schools where they will soon become fluent in the language - it really holds no barriers - or International schools where they are taught in English.

So please do not worry about whether your child will be able to finish their schooling properly. They may actually end up with a far higher standard of education!

We have had numerous glowing reports about the standard of education. On the whole, people that move to Spain with their children seem to be very happy with the standard of education, and the quality of the teaching staff. Obviously, people have their own preferences according to the needs of their children, so the best thing to do is to contact the schools yourself, and make up your own mind.

What we do know is that even if your child goes into an all-Spanish speaking school, they will usually be fluent in 3 – 6 months! Kids seem to pick it up so easily.

## Driving, and Vehicles

Your UK driving licence enables you to drive a vehicle in Spain. However, you have to be over 18 years of age to drive a car on the Spanish roads. Most hire car firms insist on a minimum age of 21 years.

Once you become a resident, you will be required to either present or exchange your current UK driving licence. Both involve a trip to Trafico in Alicante.

The licence will be inspected and stamped, or if you exchange your licence, you will receive a new Spanish version. If you own a British or non-Spanish registered vehicle and take it to Spain, you have six months in which to re-register the vehicle with Spanish number plates.

### UK Registered Cars

**The Golden Rule: Always carry your vehicle documents at all times whilst driving a vehicle on Spanish roads.**

If you are a non-resident, you may drive your car in Spain, but the vehicle must have a current MOT, tax and insurance. You must also hold a valid UK driving licence.

Should the MOT expire whilst you are in Spain, you must arrange an ITV on the vehicle. This is the Spanish version of our MOT. It will only be valid for driving in Spain, and you will of course need to obtain a MOT certificate if you bring it back into the UK.

It is not possible to tax a UK registered vehicle in Spain, but every vehicle on the road must display a current tax disc. So make sure that it is up to date before you drive to Spain, and make sure that it covers you for your trip, or your stay.

A problem often arises when someone who has not applied for residency brings their UK registered vehicle to Spain and keeps it here for a protracted period. As the Spanish rule is that you should apply for residency if spending more than 183 days a year in Spain, there is no provision for renewing documentation such as road tax on UK vehicles. If this is the case, the vehicle should be imported and the number plate changed to a Spanish one.

If you decide to apply for Spanish residency it is a legal requirement that you change the UK registration. You have six months to arrange an importation of the vehicle and obtain a new Spanish number plate. Vehicle importations can be complicated and various documents are required to complete the process: Either seek professional assistance for this service (most reputable car dealerships can assist you in this regard) or it may be easier to sell your car before you move abroad, and buy another one in Spain! However, don't run away with the idea that buying a vehicle is a lot cheaper in Spain. It isn't.

The above information is relevant for UK registered cars, motorcycles, and mopeds.



## Purchase of Spanish Vehicles and Spanish Driving Licence

If you are non-resident but wish to purchase and drive a Spanish registered vehicle, this is quite acceptable. Again, the vehicle must carry valid ITV, tax and insurance papers. There have recently been reports about non-resident individuals being stopped by the Traffic Police and fined for not having a Spanish driving licence. It is impossible to obtain a Spanish licence without a Residencia: the problem arises because the Police occasionally assume residency when they see a Spanish licence plate. In this case you should explain that you are not a resident of Spain, but spend periods of time here throughout the year. If you have difficulty with the Spanish language, or wish to be quite sure of avoiding this situation you should obtain a Certificate of Non-Residence from the Comiseria in Denia, and carry this with your car papers.

Should you decide you wish to become a resident in the Costa Blanca, residence status is not *automatically* granted - you have to apply for a Residencia card, which is renewable every five years.

Once you have your Residencia card (or after six months of applying for the card, whichever comes first) you should amend your UK driving licence. You can do this in one of two ways - you can exchange the licence for a Spanish version (the preferred method) or you can have the UK licence inspected and stamped by the traffic authorities. The Spanish regulations for licence renewals depend on age, and the renewal periods increase in accordance with you age, culminating in a renewal every two years once you are 70 or over. If you exchange your driving licence, your Spanish one will be renewable in accordance with the age bands applicable in Spain. If you have your licence stamped, it will be renewable in accordance with the date as shown on that licence.

In order to exchange a UK licence for a Spanish one, you need:

- Your UK licence plus photocopy;
- Three passport photos;
- Your Residencia plus photocopy;
- The completed application form

The documents are lodged at Trafico in Alicante, who deal with all matters relating to vehicles. If you are having your UK licence stamped, the documents to present are the licence & photocopy, Residencia & photocopy and the application form. If your licence is the old style (i.e. non-European version), Trafico can insist on an officially translated version of the licence. If you have a new, laminated style licence, these are sent to Madrid for inscription and you will receive a temporary certificate entitling you to drive whilst the licence is held by Trafico.

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## Buying Your Property

### The Escritura

**It is strongly suggested that you seek the services of a lawyer, when purchasing property in Spain – just as you would do in England. Do not attempt to take short cuts. (See end of this section for the services that they can provide)**

### Prior to Signing the Escritura

There can be numerous pitfalls and traps for the unwary, when purchasing a property in Spain. Here are some guidelines:

- Set your budget limit and stick to it. Bear in mind that you may need extra capital for modernisation and decoration.
- Visit the property and thoroughly inspect it before you make a decision.
- Check what amenities the property has such as electricity, telephone, and water. If these amenities are not laid on (as is the case with some outlying farmhouses) check when the local authorities plan to carry out the work.
- Have a builder or architect examine the structure of the building.
- Talk to your prospective neighbours about the area.
- Have your legal advisor check ownership of the property.
- Have your legal advisor check outstanding debts on the property before you sign anything

The legal work for a property conveyance takes substantially less time to process in Spain than in the UK, and it is quite acceptable for one company to undertake the conveyancing for both vendor and purchaser.

Once you have found the property you want to buy, the first step is for the vendor/s and purchaser/s to sign a Private Purchase Contract. This secures the property for you, and it is at this time that you will be expected to provide a deposit (usually 10% but can be less if both parties are in agreement). You should give some thought to the date you wish to complete the transaction – the Contract stipulates the title should be conveyed on or before a certain date, so this can be brought forward by mutual agreement.

Should you wish to purchase your property with the aid of a Spanish mortgage you will need a NIE number, and the bank will wish to carry out a valuation of the premises. We can usually point you towards a friendly bank that will lend you between 70 – 80%, with a fixed rate of between 4- 5%, over 10 years.

The next step is to carry out a search on the property to check there are no embargos or debts you could unwittingly inherit. For this you will need, at the minimum, the name of the current owner and property address. The search is forwarded to the appropriate Land Registry Office, where details of all the property transactions for the region are held. The seller should furnish the buyer or their agent with a copy of the existing Escritura – this does not have to be the original as a new Escritura is prepared for each conveyance to a new owner. A copy of the last IBI (Rates) receipt will also be required to carry out the SUMA checks (see below).

Should the current owner have a mortgage on the property, the relevant bank on or before signing the new Escritura must discharge this. It is possible to “transfer” a mortgage from the old to the new owner, thus avoiding legal and possible penalty costs in discharging the mortgage; the bank in question will be able to provide more information should this be of interest to the new owner. At the same time, a search should be carried out at SUMA (the official municipal tax collectors for the Tax Office) to ensure there are no outstanding tax

debts on the property in respect of Rates (IBI) and/or Rubbish Removal (Exacciones Municipales).

The existing Escritura is checked, and a copy sent to the Notary Office where the new Escritura will be signed. This does not have to be the Notary whose office is in the same geographic location as the property. Any Notario can prepare the new Escritura. Details of the new owner are provided, together with confirmation of the Declared Value of the premises, and an appointment is requested on a specific time and date for completing the conveyance. If you are purchasing the property with a Spanish mortgage, the bank manager will also have to attend the Notary Office to sign the Mortgage deed, so he/she will need to be available at that date and time.

It is an accepted practice in Spain for the "Declared Value" that appears on the Escritura to be less than the actual purchase price of the property. Nowadays a Declared Value of not less than 70% of the purchase price is recommended, and some purchasers feel more comfortable declaring a full value. The concept of a Declared Value means that on purchasing a property, less tax will need to be paid if a lower purchase amount has been declared. However, when selling the property, non-residents will have to pay Capital Gains Tax on any profit made, so in reality what the Tax Man does not get from you on one side of the transaction, he usually will on the other!

It is the vendor's responsibility to provide receipts for the utilities and taxes. This has a dual purpose of ensuring the correct details are changed into the new owner's name, and also so any outstanding bills may be apportioned between the seller and buyer. If the property is part of a Community or Urbanisation, a Certificate must also be obtained from the Administrators to show the Community fees have been paid and are up to date.

If purchase funds are being transferred from the UK, or a Banker's Draft and/or cash is needed from your Spanish bank. Make sure this is ordered in good time, and allow at least an extra day for unforeseen delays. If you are declaring a value different from that of the actual purchase price, it is customary to provide a Banker's Draft for the Declared Value amount and cash for the balance.

### **Signing the Escritura**

On the day of signing the Escritura all parties selling/buying should attend the Notary Office with their passports, or Residencias if appropriate. If one of the sellers cannot be present, they must arrange a Power of Attorney so the conveyance can be signed on their behalf

This is also possible for a buyer who cannot be present. However, if the buyer is able to come out to Spain shortly after signing, it is often cheaper and easier for a designated person to sign on their behalf as Verbal Representative. In this instance the absentee buyer prepares and signs a letter of authority for the Representative to sign on their behalf, visiting the Notary office to ratify the Escritura when they are next in Spain.

Once the Escritura has been signed in the presence of the Notary it is a legally binding document, which transfers all title of ownership to the person/s specified in the new Escritura. In my next article I shall cover tax liabilities for both seller and purchaser, changes of name for utilities, etc, registration of the Escritura and general points of interest once the property has been signed over to the new owners.

### **After Signing the Escritura**

Once you have signed the Escritura for your new property, the Notary holds what may be regarded as the true original at the Notary office (as is the case with all deeds signed in his/her presence) However, a further "original" is forwarded to the Registro (Registry Office) for registration and stamping, which takes about four months. Whilst the stamped Escritura is an important document, and should be kept in a safe place once received, it is not as vital to

produce as UK title deeds, as each subsequent purchaser receives a new Escritura on buying a property. If the premises are purchased with a mortgage, the bank issuing the mortgage will hold the stamped and registered Escritura. You should receive a Copia Simple (simple copy, as the name suggests) at the time of signing the Escritura, which is for you to keep. It is not actually necessary to produce the registered Escritura when you sell the property, but you must provide a Copia Simple for the searches to be carried out by the prospective purchaser or their agent.

The Notary fees and property registry fees for a conveyance transaction are set on a scale fixed by the Government, and usually amount to approximately 1% of the declared value as shown in the Escritura. The notary should be paid the day of signing the Escritura, and the registry fee on collection of the registered document. Copies of these bills should be kept safely as they **may** be able to be offset from taxes at a later date should you become resident or subsequently sell the property.

**Our recommended lawyer offers the following services when you purchase a property:**

- Face to Face Consultation
- Inspection of private contract of sale/receipt for deposit to check interests of both parties being protected and that contract not biased against buyer
- Inspection of first Notarised copy of Escritura de Compraventa
- Initiate Property Search
  - To check that the vendor has Good Title
  - To check on charges and encumbrances attached to property
  - To confirm description of property and its boundaries
  - To confirm developers Document of Title
  - To check Catastro to confirm area that the plot occupies
  - To confirm detailed and general Planning Permissions have been granted
  - To confirm that issue of Certificado de Primera Ocupacion has occurred
- To assist client in the opening of a Spanish bank account
- To obtain legalised copies of the client's passport
- Initiate enquiry of ability to guarantee stage payments
- Offer advice on benefits of granting Aldea Asesores Power of Attorney (POA can be organised in Spain, the UK and Ireland).
- Perform a check that invoices for provision of Refuse Collection and Rates have been settled
- Check that the Plusvalia tax has been paid from the previous transfer
- Check on Community Regulations
- Check on local application of Ley de Costas
- To accompany client to the Notary for the completion of formal contract of transfer
- To represent client according to Power of Attorney in completion of formal contract of transfer
- To make payments on behalf of client according to Power of Attorney
- To ensure buyer receives properly registered title deed to Spanish property
- Dealing with mortgages in Spain (application, transaction, signature...)

Their services do not include:

- Notary Fees
- Taxes and Costs

These have to be paid for separately.

For information on how to obtain the services of our recommended solicitor, send an e-mail to: [solicitor@spain.uk.net](mailto:solicitor@spain.uk.net)

## Services and Utilities

Every house owner will have liabilities for the running and upkeep of their property. Whilst these naturally vary according to the individual arrangements for house insurance, alarm systems, pool cleaning etc, set out below are brief details of the bills most of you will need to pay to maintain essential services.

The preferred method of payment for all bills is by direct debit, and this is especially recommended if you are not living here all year. It is also recommended that you arrange for the itemised details to be sent to an address where they can be checked so any problems can be promptly resolved.

**Electric:** Iberdrola Distribucion Electrica S.A.U, who provides all electricity requirements for the area, serves The Costa Blanca region. Their bills are issued every two months. Standing charges are approximately 25 Euros per bill plus consumption. The central telephone number for changing details or queries is:

901 20 20 20.

**Water:** There are various water companies responsible for different regions of the Costa Blanca, for example Aguagest for Moraira/Teulada, Amjasa for most of Javea, the Ayuntamiento for Benissa, and so on. Bills are usually sent out every 2/3 months except in Benissa, which uses SUMA to send their bills every six months. I suggest you check with your Ayuntamiento if you are unsure which water company is valid for your property. Standing charges are approximately 25 Euros per bill plus consumption.

**Telephone:** Telefonica is nationally responsible for line installation and provision and telephone calls (although there are a number of private companies who can provide cheap rate call services if desired). Telefonica send out their bills every two months. Again, there is a standing charge of approximately 27 Euros plus calls made. For changing any details, or to request a new line, you should dial 1004 and, if required, ask for an English speaking operator. The cost of a new line is approximately 250 Euros. If your line is defective, you should dial 1002 to report a fault.

**Repsol/Cepsa:** These are the two gas providers for this region. Repsol bottles are bright orange and Cepsa bottles are silver. The bottles can be small for butano, or large for propano. All gas appliances should be inspected every five years and carry a valid Safety Certificate. In addition, any new property owner should undertake an inspection in order to ascertain that the contract details are amended. Whilst it is possible to exchange empty bottles for full ones without a valid contract, it is not possible to increase the number of bottles in the household.

Please note that only Repsol and Cepsa technicians are qualified to undertake inspections for the respective bottles, and although any other company carrying out safety checks may be providing a legitimate service, their inspection will **not** be recognised by Repsol or Cepsa. The cost of inspections is approximately 40 Euros per household for small bottles and 100 Euros per household for large bottles.

Any request for bottle exchange should be made by telephone, although some distribution points do still exist where empty bottles can be exchanged for full, and each company has a central depot where they will allow you to exchange your bottles.

The telephone number for orders are Repsol (most areas) - 96 573 0572: Cepsa (Benitachell) – 96 649 3890: Cepsa (Javea) – 96 579 1566.

Your property may have a Repsol or Cepsa tank system, either on an individual basis or to serve community premises; again, these need to be regularly inspected and a maintenance charge will be levied. Tanks were purchased privately in the past, but the current method is to

“hire” them for a period usually amounting to 10 years. The general telephone numbers for tank queries are: Repsol – 901 100 100 and Cepsa – 902 416 416.

On a final note, please bear in mind that unpaid utilities bills may result in the service being disconnected, and a possible additional charge for reconnection. It is always best to check your bank statements every month or so to ensure that the appropriate bills have been paid, as your bank will not advise you if a direct debit or standing order has been returned.

**Exacciones Municipales (Basura):** this is a rubbish removal tax and is payable once a year in the Spring. It is administered by Suma for most properties apart from those in Javea, who pay through the Ayuntamiento in the Autumn. Charges vary from approximately 30 Euros to 90 Euros depending upon your property location. This tax is payable by every property owner irrespective of whether the rubbish removal men collect from your house, or you have to take your rubbish to the bins provided throughout the main thoroughfares. Calpe properties have a double charge levied by Suma, once in the Spring and again in the Autumn, which amounts to approximately 150 Euros in total. Some fortunate individuals, such as those who live in Pedreguer, do not have any separate rubbish removal taxes levied for their area.

**IBI (Rates):** this tax is payable once a year in the Autumn, again either through the Suma offices or Javea Ayuntamiento, and usually amounts to 0.5% - 0.7% of the rateable value of your premises. The rateable value is assessed by the Rates Office (Catastro), and is based on the square metres of land, house, pool, garage, etc that is owned. In addition, factors such as the quality of the materials used and the age of the building(s) are also taken into consideration.

Note: There is a fine for late payment of these invoices, and although Suma/Javea Ayuntamiento sends bills to all properties, non-receipt of the bill is unacceptable as a reason for it not having been paid. All property owners, or their representative, are obliged to collect the invoice from SUMA, or Javea Ayuntamiento as appropriate, if you do not receive it in the post.

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## Applying for Residency

Once you have decided to apply for a Residency, you will need the following paperwork:

- A completed application form plus 3 photocopies
- Three passport style photographs
- Your original passport plus 1 photocopy
- A Certificate from your **Spanish** bank stating you have a regular (monthly) income of not less than 420 Euros per person coming into your bank account.
- Health cover details, i.e. a E121, E106 or private health cover (in the last instance, a bank statement or receipt showing the insurance is fully paid up is also necessary)

These items can either be presented at Denia or Benidorm Comiserias, or direct in Alicante Comiseria, and you will receive one of the copy application forms stamped by the Comiseria as proof you have applied. It is Alicante who process the Residencias, and in due course they will write to you to request you personally attend their office to fingerprint and sign the document (unless you have presented the application to Alicante direct and already done so). You, or a designated representative, will then need to return to Alicante once more to collect the finalised Residencia.

Should you wish to renounce your Residencia (for example if you return to live in the UK), you can just let it lapse, or you can present the original with a letter to the Comiseria, requesting a Certificado de Baja (Certificate of Cancellation).

### **Individuals Intending to Work in Spain**

It is a legal requirement on the Costa Blanca that any foreigner (including EEC citizens) who is working here has to have a Residencia. Obviously, many people are not able to apply for this document until they find work as they cannot meet the monthly income requirements without a job. So, it is accepted practice to firstly find work and then apply for the Residencia as soon as possible thereafter.

### **Applying for a Residencia as an Employee**

If you have been offered a contract of work, your employer has an obligation to pay your social security and tax obligations, which will vary according to how many hours a week you work. These are deducted from your income at source, and shown on your weekly/monthly payslip. Contracts are usually issued for six or twelve months, on a renewable basis as appropriate. After two years` continuous employment, however, you are entitled to receive a fixed contract which ensures increased job security, pension provision and entitlement to unemployment benefit should your company close down or be unable to offer you continuing employment.

You should have already applied for a NIF number but if this is not the case, you can do this at the same time as you make your Residencia application.

The papers you will need to apply for a Residencia with a work contract are as follows:

- **Original passport & 1 copy and 3 passport style photos**
- **Completed application form & 3 copies**
- **Original work contract & 1 copy**
- **TC1 and TC2 from your employer & 1 copy**
- **Registration card from your employer (showing NIF/CIF number) & 1 copy**

## **Applying for Residencia in a Self Employed Capacity**

When you decide to become self employed, you need to decide which area of work activity you are going to be pursuing, e.g. plumber, general builder etc. You may apply to work in more than one category, but you will then need to pay a monthly “stamp” for each one. In addition, if you have chosen a profession where qualifications are required (such as hairdresser, electrician), you must provide evidence that you have these qualifications, e.g. City & Guilds. The original Certificates must be sent to the Ministry of Education & Science in Madrid with an accompanying translation by a licensed Spanish translator to be homologated (approved).

You will also need to specify whether you will be working locally or provincially, as your Tax Licence will be issued in either capacity (a local Licence is cheaper than a provincial one). This can be obtained from your local SUMA Office, or Ayuntamiento (Town Hall) if you live in Javea.

Once you have registered as self employed you will be incorporated into the Spanish Social Security system, and will immediately start paying a monthly sum (currently approximately 200 Euros) to cover your social security provisions, regardless of how much business you conduct. You will therefore need to register at the Seguridad Social (Social Security) office, for which you will need your passport, Tax Licence and Residencia application.

You must decide how you are going to pay your tax obligations – you can make a quarterly VAT and Income Tax Declaration, in which case you will need to set up and present a fully comprehensive double entry bookkeeping system. Or you can opt for paying on a modular system, which will be a monthly amount set by the Tax Office. This figure does not vary and will remain the same whether you do very well or no business at all over the following months.

Finally, if you are opening a business where the public will be entering your premises, you should apply to your local Ayuntamiento (Town Hall) for an Opening Licence.

To make the residencia application in a self employed capacity, you will need the following documents:

- **Original passport & one copy and 3 passport photos**
- **Completed application form & 3 copies**
- **Homologated Professional Certificates & 1 copy (if applicable)**
- **Tax Licence Application & 1 copy**
- **Registration document from Seguridad Social (Social Security) & 1 copy**
- **VAT Declaration (Form 037) & 1 copy**
- **Opening Licence (if applicable)**

The papers are then presented at Denia Comiseria (or the Foreigner’s Office at Alicante direct) for processing, which takes the same amount of time as applications for Residencia on a private income.



## **Renewing/Replacing Residencias**

If you are renewing or replacing a Residencia, you personally take the relevant documents to the Foreigners Office in C/Pintor Casanova Lorenz in Alicante. There you will immediately fingerprint and sign your new Residencia card and be issued with a ticket requesting you to return after a certain time (usually one month) to collect the new Residencia. You may authorise someone to collect this on your behalf (but obviously you must personally attend in the first instance to legalise the Residencia card).

### **The papers you will require are as follows:**

- Original passport & 1 copy and 3 passport photos;
- Original Residencia & 1 copy (for renewals);
- Completed application form & 3 copies;
- A copy of the old Residencia if possible (for replacements);

If you have lost your Residencia through theft you must additionally provide a Denuncia (Police Report) & 1 copy stating how and when the Residencia was stolen.

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## Taxes (Personal and Property)

There are a number of taxes that you are liable for when in Spain – just the same as in England. However, the big difference is that you can fill out your tax returns in the sunshine, with a glass of wonderful Spanish wine in your hand.....and of course, if you use the services of our recommended lawyer, the whole process is very simple!

Here is an overview of the taxes that need to be paid:

### **Patrimonio & Renta (Wealth Tax & Own Use Income Tax)**

Every non-Resident property owner should make an annual payment to the Tax Office for having a property, which is not his or her main place of residence. If you live here all year round, but have not applied for Residencia, you should still pay this tax, which is payable any time from 1<sup>st</sup> January to 31<sup>st</sup> December and always a year in arrears. Patrimonio is calculated at 0.2% of either the property value as declared in the Escritura or rateable value, whichever is higher, and is not proportional (i.e. even if you bought your property in October 2001, this year you would have to pay the whole annual amount due).

Renta is nothing to do with renting out the property – it is a separate “own use” tax, which is paid with the Patrimonio, estimated on 1.1% of the rateable value of your property x 25%. This tax is proportional, so if you bought in October 2001 you would only pay an amount this year for the October to December of last year.

If you own one Spanish property you may make a declaration at the Hacienda (Tax Office), but if you own two or more properties you are obliged to use a qualified tax adviser to make the declaration on your behalf.

If you rent your property, in addition to the Patrimonio/Renta Tax you should make a further tax declaration, which will be calculated, at 25% of the gross rental income – I suggest you seek the assistance of a qualified tax adviser if this is applicable to you.

Note: If you are a Resident, you will not pay this tax, but may be obliged to lodge an Income Tax Declaration depending on various factors, such as amount of taxable income received.

Finally, please bear in mind that there are a number of other taxes payable throughout the year, such as road tax for Spanish registered vehicles, work taxes for self-employed individuals, and so on. Details of the various taxes and their voluntary payment periods are always available at Suma and/or local Ayuntamientos.

## Capital Gains Tax

As a non-resident, CGT stands at 35% of the profit made on any property you **sell**, regardless of whether you are re-investing the proceeds in another property. You must lodge a 5% deposit of the declared sales price with the Tax Office, with the balance to follow thereafter (if appropriate). Once you become resident (again, on issue of your card), you declare the sale details in your subsequent year's Income Tax Declaration. A number of costs can be offset, including re-investing any sale proceeds to buy a new Spanish property. If any CGT due it will currently be a tax of 20% instead of the non-residents 35%.

## Personal Tax

If you are non-resident, you should pay an annual Patrimonio & Renta (Wealth & Own Use Income) Tax to the Government. Once you become resident (i.e. when your card has been issued) you will need to make an Income Tax Declaration in the following year for your worldwide taxable assets. If you are below the threshold for making a Tax Declaration, or receive a Pension for having worked in the Government sector (i.e. Teacher, Armed Forces, Civil Service etc), you will not need to make a Declaration.

Our recommended lawyer can provide the following taxation services:

- Representation as client's Fiscal Representative
- To provide Fiscal advice
- To ensure tax obligations have been met – prior to a client purchasing Spanish property
- To ensure tax obligations have been met – with reference to acquisition of Spanish Property
- To ensure declaration has been filed with regard to Capital Gains Tax
- To ensure declaration has been filed with regard to Wealth Tax
- To calculate amount of Capital Gains Tax – with reference to acquisition of assets
- To complete Income Tax Declaration – to include income from rental of Spanish Property
- To complete Income Tax Declaration form 210 for Notional Income from rented property
- To complete Inheritance and Gift Tax declaration
- To make application for other payment methods such as deferred or instalment
- To ensure client receives any tax rebate which may be due

### The service does NOT Include:

- Payment of Tax bill
- Instigation of administrative claims and appeals
- Appeal before the Spanish courts
- Notary Fees and Costs

## Making a Spanish Will

Much confusion abounds over the whole question of Spanish Wills - whether one should be made, and their legality in general with regard to UK/Spanish laws.

Firstly, it is not a legal requirement to make a Spanish Will. If you have a British Will this may stand for all your worldly goods and so include any assets you hold in Spain. However, we recommend that for the majority of British people who own property and/or other assets in Spain, it is a good idea to prepare a Spanish Will, as you will see.

Both resident and non-resident UK citizens can make a Spanish Will. Spain has different inheritance laws from the UK; basically, Spanish citizens, i.e., people with Spanish nationality, are obliged to leave a percentage of their Estate to their next of kin before they can dispose of their assets as they wish. In the UK we have freedom of choice as to who receives what. If a British person makes a Will in Spain, the Notary will recognise the nationality of that person and therefore will accept the content of the Will in accordance with British laws. Even if you have taken Spanish Residencia, and your domicile is now Spain, you are still a British citizen, so a Spanish Will can be drawn up to distribute your Estate as you wish. However, it should be pointed out that there is legal entitlement to challenge the Will by your next of kin if they think they have a right to the inheritance, which you have bequeathed to someone else, and they can take the matter to Spanish Court. Whether the claim would be upheld is something I cannot to give an opinion on, and would really depend on the strength of the case and the views of the Court. However, as most people leave their chattels to their next of kin in any event this situation is largely hypothetical. If you do have a complex family situation, I recommend you seek advice from a qualified professional before making a Spanish Will.

It is usually preferable to make a Spanish Will because basically it is much simpler at a difficult time when there are so many other tasks to attend to. If someone with Spanish assets dies without a Spanish Will, there are a number of additional documents and procedures to be carried out before the UK Will can be accepted (I shall be explaining this in more detail in my next article).

It is very easy to make a Spanish Will. Most asesores will be able to assist with this, or you can arrange to prepare the Will at the Notary's Office direct. You can choose whether your Will is to be valid for your worldwide assets or just your assets in Spain. If you are non-resident and still hold assets in the UK, it is usually easier to prepare your Spanish Will for your Spanish assets alone. This Will is complementary to your existing British Will and does not supersede it. Your UK Will should therefore exclude any assets in Spain. However, if you permanently reside in Spain and have no other assets outside the country, you may wish to prepare your Will for all your possessions. This becomes your last sworn Testament and will take precedence over all other Wills previously made. It is not possible to make a joint Will in Spain, and the current Notary charge per Will is approximately 70 Euros. The Will can be prepared in both Spanish and English, depending on which Notary's office is used, so check this point beforehand if you would like a dual language Will.

It is not usual to name Executors in Spanish Wills, but you may do so if you wish, although any Executor will need to actually be present in Spain to deal with matters relating to the Will. In addition, the Executor must not be one of the beneficiaries of your Will. If you do not name an Executor it is assumed that a surviving spouse, relative or legal representative will deal with your affairs. Obviously, you need to decide to whom you wish to leave your assets. If you leave everything you own to your husband/wife, you should then name a substitute beneficiary in the unfortunate event your spouse dies before or at the same time as you. As an example, let us look at the details of Mr X's Will. Mr. X has a wife and three children. His Will states that on his death all his assets are to go to Mrs. X. In the event she is no longer alive, or dies at the same time or within 30 days of Mr X, then the Inheritance passes to each of his siblings - they will inherit one third each. Should any of the children have also died, Mr X has to decide whether he wants their share to be divided amongst his surviving siblings, or go to any offspring of the deceased benefactor/s (i.e. grandchildren). Mr Y, on the other hand, has a wife but no children. Like Mr X, he decides to leave his assets to his wife but in

the event of her death the Estate is to pass to his two sisters, who will have one half share each. Should either of the sisters pre-decease him, then he decides the surviving sister should inherit the other half share.

So, as you can see, there is freedom to stipulate your wishes in a Spanish Will, and specific bequests of money, jewellery etc may also be included if you wish.

Once the details of your Will have been confirmed to the Notary, you will need to attend his/her office to formally sign the official document. As always when attending the Notary's Office, you will need to present your passport and, if applicable, your Spanish Residencia. Once the Will has been signed, you will receive a Copia Simple (copy), the original document is held at the Notary's Office, and a notification will be sent to the Central Registry in Madrid to advise that you have prepared a Will at that Notary's Office.

Any future changes or cancellations of your Will should be similarly prepared in front of a Spanish Notary in Spain, or at a Spanish Consulate in any part of the world. This is important in order that the Central Registry in Madrid are informed of where your LAST Will has been prepared. I suggest if you have prepared a Will complementary to your UK Will, a copy of the Spanish document is also lodged with your UK solicitor for their information.

On a final note, it really is important to address this subject and not put it to one side to deal with another day. Everyone should make a Will, be it Spanish or British, as the complexities of dealing with the Estate of someone who has died Intestate (without making a Will) can be horrendous and may take years to resolve. So if you want to make a will, our recommended lawyer will assist you.

Here are details of the services that they provide:

Includes:

- A review of personal circumstances and financial situation
- Advice on Spanish Law regarding inheritance
- Drawing up of first draft for the purpose of checking details
- Inspection with client
- Drawing up of Will
- Presentation with client before Notary for legalisation
- Provision of copy for client
- Ensure copy sent for entry into Register of Wills held in Madrid
- Notary Fees associated with witnessing and registration of Will

## Speaking The Language

Should you bother to try and learn the Spanish language?

If you intend to live on the Coast in an expat community, there is no real need to learn Spanish.

However, in the area that we promote, the locals do not see the need to try and learn English. Their families have lived there for centuries, and it is *you* that is the visitor – not them. So it is a good idea to try and learn some basic Spanish before you decide to settle in the region. First of all, the locals will respect you for it. Secondly, they will smile at your pathetic attempts.

Thirdly, they will still respect you for trying.....

We struggled with the language. Then we came across a few courses on the Internet.

One of them was the Linkword course, which gave us a good grounding on the basics. Within a few days, we had mastered the simple sentences, and had learned the basic key phrases. You can purchase a copy of the course from our shop at [www.spain.uk.net](http://www.spain.uk.net)

Never ever worry about looking stupid in front of others. Practise your Spanish with the locals. They are extremely forgiving! Enjoy the adventure of learning another language. Very soon, you will be able to impress your friends and family by your mastery of another tongue, and you will thoroughly enjoy being able to converse with people in their native language.

In fact – you will soon get annoyed if you are trying to practise your Spanish, and one of the locals is trying to practise their English at the same time! This happened to us recently, when we wanted to buy some safety pins from the local Pharmacy. My husband looked up the word for safety pins in the phrase book, and asked the pharmacist if they sold them.

It turned out that they didn't and the pharmacist, who had more of a control of the English language than we had of Spanish, directed us to a nearby dress shop.

My husband thanked him for his efforts. "Muchas Gracias" he said. The pharmacist instantly replied "don't mention it" in almost perfect English.....

So have a go at learning Spanish. It is great fun.

Get a copy of the Linkword course (available on cd-rom for your PC) from the online shop at

[www.spain.uk.net](http://www.spain.uk.net)

[Click here to view the course](#)

**YOUR NOTES:**