

Andalusia lowers Property Transfer Tax and Stamp Duty in move that will boost the market

03/05/2021

Spanish Real Estate News, Spanish News



Andalusia lowers taxes including Property Transfer Tax and Stamp Duty in move that will boost the market

Andalusia slashes Property Transfer Tax (PTT)

The Andalusian parliament enacted a new law, which has been published in Andalusia's Official Law Gazette (BOJA), which slashes PTT for 2021. This is a temporary measure devised to offset the negative repercussion of Covid-19 in the property market, and help to foster and kickstart property transactions. It will only last until the 31st of December 2021. So anyone whose thinking on buying a property in Andalusia, better get moving.

Until now, Andalusia followed a sliding scale for ITP that started at 8% and went to 10% contingent on the sale value. This has now been struck off, and a unique tax rate of only 7% applies regardless of the sale value.

Before:

Residential property sale price Tax rate

Up to 400,000€	8%
400,001€ – 700,000€	9%
701,000€ up	10%

Now:

Residential property sale price Tax rate

Any	7%
-----	----

This tax change translates into a massive tax saving for property buyers in Andalusia Let's see it with an example. A British couple buy a 500,000 euro property in Andalusia (they are chasing a Golden Visa).

Tax to pay before: €41,000

Tax to pay now: €35,000

Tax savings of 15% or €6,000, for this example.

What's important to note, is that **this tax saving grows exponentially** in line with the sale price; the higher the sale price, the larger the % saved in taxes.

Again,with examples. On a 1.5mn sale price, the tax saved is almost 25%. On a 3mn sale price, the tax saved is 27%, and so forth.

This is why buyers sitting on the fence should seriously consider buying now and take advantage of this time-gated opportunity to save a huge amount in transfer tax. I stress this tax advantage ends on the 31st December 2021.

Andalusia reduces Stamp Duty

If the above wasn't enough, they have also approved to slash Stamp Duty from 1.5% down to 1.2%

Whilst Stamp Duty doesn't impact on resale property, it does affect off plan ,enacted a new law . Anyone buying new-build property will now make a considerable tax saving with this new tax change. **That's a 20% tax saving**, not bad; not bad at all!

REF: Spanish Property Insight