



Spain

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Ownership

What is the land registration system?	The registration of the rights in the Spanish land registry gives a presumption of veracity of such registered rights, therefore it is highly recommended to register all properties in the land registry.
What rights over real property are required to be registered?	Registration in the Land Registry is strictly necessary for very few rights (although highly recommended). The most common one requiring registration would be the mortgage.
What legal steps are necessary to obtain ownership of a property as a foreign investor?	• Request a tax number • Opening of a current account in a bank entity • Granting of powers of attorney to carry out the sale and purchase (if applicable). • Signing of a deposit contract (if applicable). • Signing of the public deed of sale and purchase before a notary public. • Payment of taxes related to the sale and purchase. • Registration of the sale and purchase at the Land Registry.
What forms of entity do foreign investors customarily use in your jurisdiction?	Investors usually invest in Spain as individuals or through limited liability companies: "Sociedad de Responsabilidad Limitada (S.L.)"
Which contracts / duties are transferred from the owner/seller to the buyer by law when acquiring real estate?	The acquirer must pay the real estate tax (IBI) and other taxes associated with the ownership of the property. He must also pay the recurring payments of the community of owners, if applicable. With respect to the contracts of supplies, either the subrogation of the purchaser can be agreed, or the seller cancels such supplies at the time, or prior to the sale.
What types of liability does an owner of real estate face?	The owners must be up to date with their tax obligations as well as with the community of owners (if applicable). Failure to meet such obligations could result in the seizure of the property and/or tax penalties, among others. On the other hand, it is advisable that the owners take out an insurance policy to

	cover potential damages that could be caused to surrounding properties, such as leaks.
Any special factors for a foreign investor to consider an investment in this jurisdiction?	It is compulsory to obtain a tax number prior to buying any property. In addition, it is highly recommended to carry out a legal due diligence process in order to verify that no defects or contingencies arise from the property once the acquisition has been executed.
Are there exchange control issues if a non-resident invests in a property in your jurisdiction?	Yes
Is it possible to buy Real Estate via private contracts?	Yes
Is it possible to obtain legal financing through the investment in a real estate project?	Yes
Are there any investment vehicles specifically aimed for Real Estate?	Yes.
Do I need authorization to develop a project?	Yes
Is it mandatory to register Real Estate before the Property Registry?	No
Is the registration system a notice system?	Yes

Taxes

What are the main taxes associated with commercial real estate ownership and transfer of commercial real estate?	Property owners must pay the real estate tax (i.e. IBI), as well as other taxes derived from the ownership of real estate, for example the waste collection tax or the garage tax. On the other hand, the transfer of properties will imply the payment, depending on each case, of taxes such as VAT, stamp duty or transfer tax (TPO). Likewise, and although they are not taxes as such, notary and land registry fees must be taken into account.
Are there any tax benefits or exemptions when acquiring a property?	Yes
Are there any taxes for financing?	Yes

Leases

What are the common terms of commercial leases?	Commercial leases give more leeway to the free agreement between the parties. This type of lease requires the deposit with the public administration of a security deposit for a maximum amount of two months' rent, and the lessor may also be given additional guarantees in the form of a bank guarantee or cash deposit. Sometimes, especially if the lessee is going to carry out a reform, the lessee is granted a payment grace period of one or several months. In addition, the rent is usually updated annually in accordance with the CPI.
What are the common terms of personal leases?	Housing leases are currently subject to protectionist legislation with the tenant. The landlord must deposit with the public administration a deposit worth one month's rent and may require an addition-

	al guarantee from the tenant for a maximum amount of two monthly rents. Tenants currently have the right to maintain the lease for a minimum period of five years, or seven years if the lessor is a legal entity. Both in commercial and residential leases, the tenants hold the right of first refusal, nevertheless, in most lease agreements such right is waived.
Which are the rules for termination of a lease contract?	When it comes to commercial leases, such rules are more flexible and may be agreed between the parties. Usually, a minimum term is established for both parties, subject to one or several term extensions. The tenant usually requests such extensions. On the other hand, the residential leases have a compulsory period of six months. As noted, before, Tenants currently have the right to maintain the lease for a minimum period of five years, or seven years if the lessor is a legal entity. It is important to note that lease agreements can also be terminated in case of a breach of agreement whose effective breach has expressly been established as a condition subsequent.
What types of liability does a tenant of real estate face?	In the event of default on rent payment, the tenants may be expelled from the property, and must pay the amounts of rent due, increased with the corresponding late payment interests.
Are there regulatory controls on the terms of leases?	Yes.
Are there any special termination rights in case of insolvency of the landlord?	No
Is rent variation possible during a lease contract?	Yes
Is it usual or mandatory to register lease agreements?	No
Are there taxes applicable on renting a personal property and commercial property?	Yes
Are there foreign ownership requirements with respect to leases?	Yes
Can non-resident entities and individuals lease real estate?	Yes
Are there planning restrictions/requirements for long-term leases (e.g. 99 year terms)?	No
Is there a specific type of regulation for dwellings intended to be rented for tourists?	Yes
Are there rent controls in place to limit increases in rent for residential and commercial properties?	Yes

Construction

Which are the most common structures used to price a construction project?	Construction projects are usually priced via basic & implementation projects to be drafted by architects and/or engineers. In addition, several appraisals might be needed in order to finance the construction.
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Which are the most common clauses over construction risk?	addition, several appraisals might be needed in order to finance the construction.
What are the specific laws for construction?	There is a wide range of regulation related to construction such as the Building Act (Ley de Ordenación de la Edificación), the Technical Building Act (Código Técnico de la Edificación), the Spanish Civil Code (Código Civil) and other ancillary regulation (i.e. labour law, tax etc).
Is the developer liable for contingencies or damages arising from the executed works/constructions?	Yes
Are there regulations to control or limit development, construction, or use of real estate or protect existing structures?	Yes
Is there a zoning regime or a planning process in place for real estate?	Yes
Is it mandatory for developers to subscribe insurance policies with regards to the planned works?	Yes