

What Is IBI Tax?

Your accountant, lawyer or "*gestor*" is your best bet when it comes to working out the best approach to your property taxes. As a source of general information, however, these are the taxes you can expect to pay on your Spanish property:

IBI (Impuesto sobre Bienes Inmuebles Tax) is very similar to the local rates or community charge that you pay to the local authorities in your home country. All property owners, both resident and non-resident, have to pay the tax annually to the local administration. The tax can be paid by standing order from a Spanish bank account and which is probably the most convenient method if you are a non-resident since late payment will result in surcharges being added to your bill.

How is *IBI* calculated?

The amount of tax you are liable for is calculated with reference to the official valuation (*valor catastral*) recorded by the Land Registry (*Catastro*) which is usually lower than the real market value. Other factors such as the location, size or nature of your property may also be taken into account. Because this is a municipal tax, rates vary from place to place; a typical local authority like Marbella currently charges 0.65% of the registered value per year.

If you are not in Spain during much of the year, it is best to arrange a standing order at the bank in order to pay this tax. If you do live here, however, you might get a discount by going in person to make an early payment. In any case, don't wait until the town hall chooses to notify you of the tax as, by then, you might owe late fees.

IMPUESTO EXTRAORDINARIO SOBRE EL PATRIMONIO
This is a tax on all of your assets and includes your property. There is a difference between residents and non-residents, however, in that residents are expected to declare their world-wide assets, while non-residents are only required to declare the property and other assets they own within Spanish territory.

Check with your professional advisor to see if you are exempt from this tax as it is only charged on assets totaling more than approximately 100,000 euros (per person in the case of a couple).

SPECIAL CONSIDERATION FOR NON-RESIDENT PROPERTY OWNERS
As a non-resident property owner you must be aware of two things. First, you need to obtain an official identification number that will allow you to pay taxes. This is called an N.I.E. and is available by filling out a form at your local National Police commissary.

Secondly, if you own more than one property, you are required by Spanish law to appoint someone to represent you in a financial capacity. This can be any official resident, whether native or foreign. Many people choose to have their lawyer do this for them. Not having a representative can result in heavy fines.

"*Gestor*" is the Spanish term for a person who basically makes your life easier by taking care of all kinds of paperwork and transactions. These are people who are very good at manoeuvring the system, and they can save you loads of frustration in every area of your life. Some "*gestors*" specialise in accounting, others in law. Some form agencies employ people with a variety of specialties, all of whom work together to resolve clients' problems.