

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

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## 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%
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**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**