

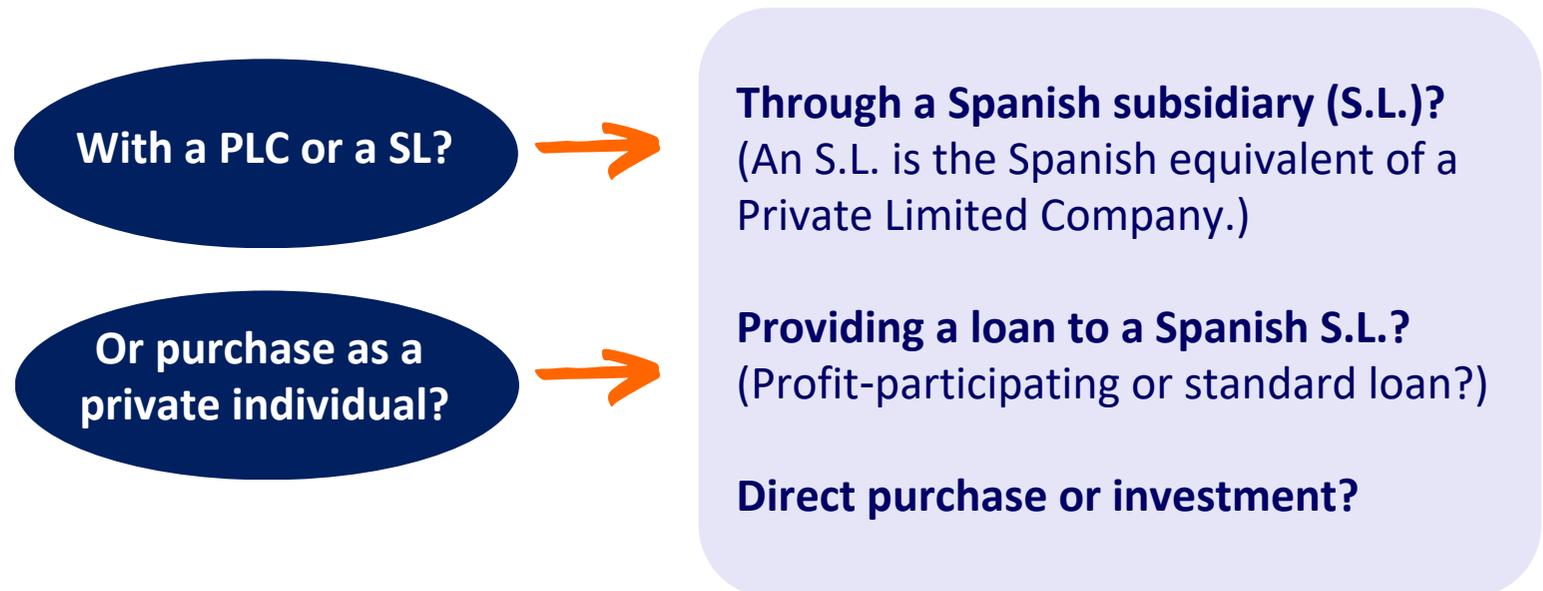
Investing in Real Estate in Spain

From a Tax & Legal Perspective



Investing in Real Estate in Spain

Direct purchase or investment?



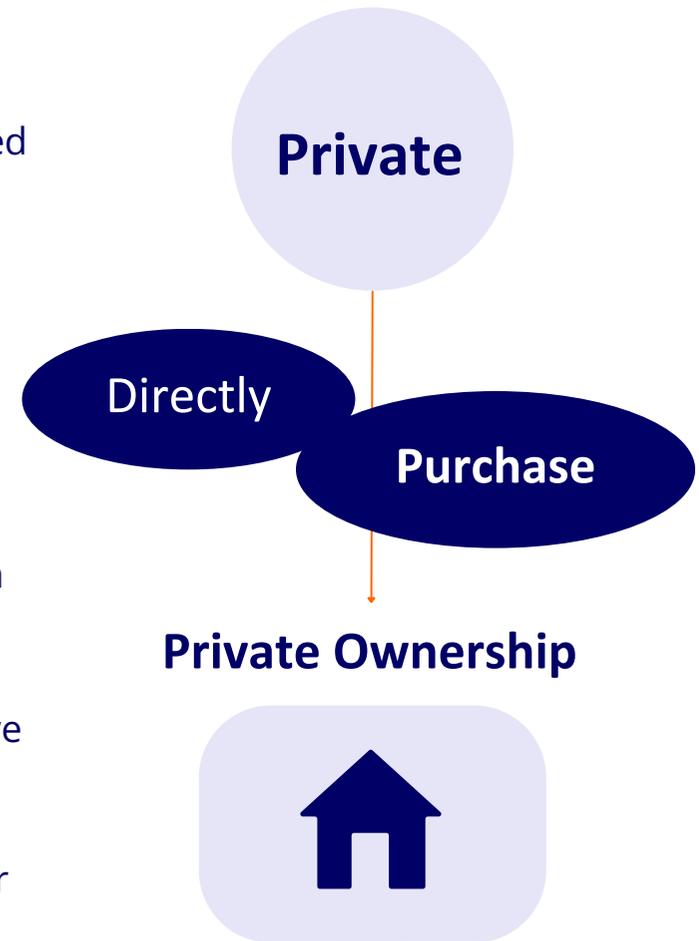
Of course, additional structures are possible, including involving multiple investors or shareholders in different countries.

Purchasing Property in Private Ownership

For personal use and passive rental

Purchasing as a private individual is recommended when the property is primarily intended for personal use. It is also generally tax-efficient for acquiring one or a limited number of rental properties with only occasional resale.

- **Wealth Tax:** A general exemption of approximately €700,000 applies.
- **Inheritance & Gift Tax:** Depending on family circumstances and property value, succession planning may be advisable.
- **Capital Gains Tax:** Gains are taxed between 19% and 30%, with the top rate applying above €300,000 profit.
- **Partial exemption may apply** if gains on a primary residence are reinvested into another primary residence.



Purchasing through a Spanish S.L.

“Entrepreneurial mindset”

A S.L. may be an appropriate option when:

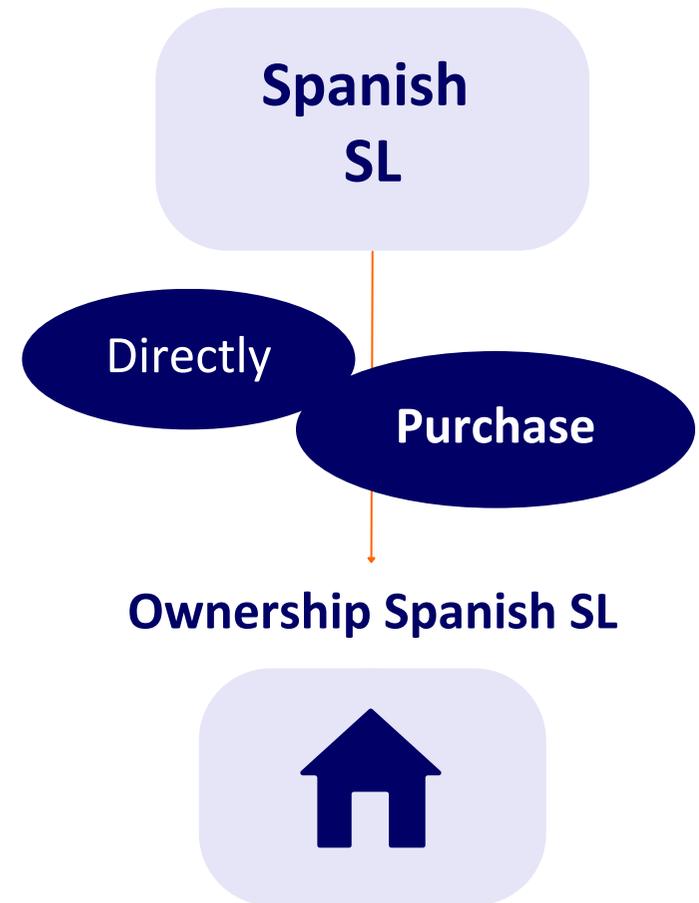
You operate them commercially (e.g., structured rental activity),

- You plan to sell and reinvest periodically.
- You intend to invest in multiple properties to rent them.

In such cases, the S.L. is seen as a business activity and must therefore have:

- Sufficient operational activity in Spain
- Office premises
- At least one employee

The S.L. is subject to Spanish corporate income tax.



Spanish S.L. held by a PLC

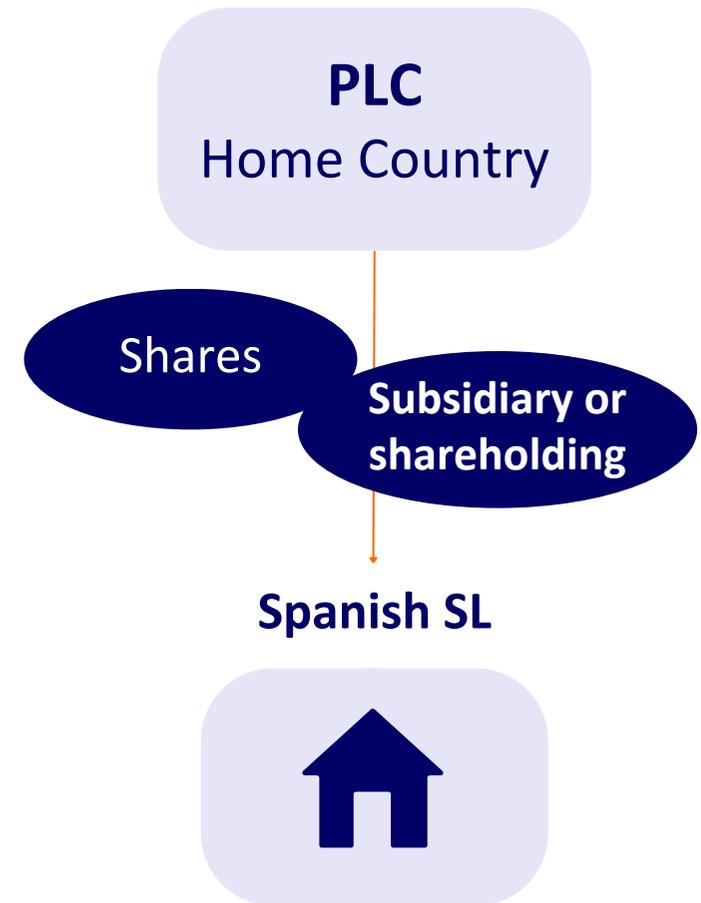
Business-Oriented Investment

This structure is recommended when:

- You already have a private limited company (PLC) in your home country,
- **Multiple investors** are involved,
- A shareholder agreement under international law is preferred.

Key advantages:

- **Dividend distributions** from the S.L. to the PLC may be largely tax-exempt, depending on participation thresholds.
- Due to participation-exemption regimes, dividends are typically not taxed at the **holding-company level**.
- Capital gains from **selling the S.L. shares may also be exempt** at the PLC level, depending on country or jurisdiction.



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Enjoy!

