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Financial Planning

Good news for would-be property buyers!

Spanish Government reduces new build IVA purchase tax by 50%!

The Spanish Government have rushed through a reduction to the current IVA tax of 8% down to 4% for 'new build' property sales in the hope of spurring the market on and to assist struggling developers. The 4% reduction should help, but there are a few oddities which could yet see a further amendment.

For example, the reduction only applies to first time registrations for new builds. It does not apply for either Resales (private sales) or even to Repossessions. The banks - who presently hold many, many thousands of properties - will be disappointed that this step excludes the sale of their stock and will no doubt be pressing for a change.

Also, the reduction is for a four month window only, and will expire on 31st December 2011. A little strange considering the normal timetable associated with a property sale, and the subsequent pressure that such a small window of time will now create for all concerned - from buyers, developers, solicitors and even Notaries - to get the job done in time!

Hence, it would come as no surprise to see an amendment to include bank repossessed stock and an extension to the expiry date.

But a good decision at its core, and good news for those would-be buyers looking for a bargain and for financially stressed developers.

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