

## BUYING A PROPERTY AT MONTE REI

Once you have chosen to invest in one of our exclusive real estate options at Monte Rei Golf & Country Club, and you have agreed terms, you should instruct a lawyer to advise and represent you in the purchasing process.

### FISCAL NUMBER

To purchase a property in Portugal, you must first obtain a fiscal number. Your lawyer will be able to assist and advise how to register for one.

### SELLERS DOCUMENTS

The developer and seller must provide all documentation, including the real estate register entry, the tax certificate, the habitation license and plans as approved by the town council, the "Ficha Técnica" (a file containing technical details of the property), and the energy performance certificate for the property.

### FINANCIAL PACKAGE (MORTGAGE)

Overseas buyers can apply for mortgages in Portugal. Our sales team can provide you with the contact details of local mortgage providers.

### OWNERSHIP OPTIONS

Properties can be purchased directly in your own name, or through a corporate entity. There are benefits to both options, and we recommend you consult a local tax expert when making your decision as to which option best suits your needs.

### BUYING COSTS & TAXES

There are a number of buying costs and taxes you should take into account when buying a property in Portugal. The charges vary depending on the type of property, the fiscal value and how the property is purchased.

#### IMT (Municipal Property Transfer Tax)

Variable rate system, with higher property value bands taxed at higher rates.

**Private Ownership:** For habitational properties with a sale price below €1m, the rate is variable to a maximum of 6%. Over €1m, the rate is 7.5%. Plots sold for construction have a rate of 6.5%.

**Corporate Structure:** No IMT charges are payable.

#### IS (Stamp duty)

**Private Ownership:** 0.8% of the property purchase price

**Corporate Structure:** No Stamp Duty is payable.

#### Lawyer Fees

Variable, typically between 1% to 2% of the purchase price.

#### IMI (Annual Property Tax)

**Private Ownership:** 0.5% to 0.8% of the taxable value of the property.

**Corporate Structure:** 0.3% to 0.45% of the taxable value of the property.

#### AIMI (additional annual property tax)

Applicable to the combined value of all properties owned by the same individual or company.

**Private Ownership:** The first €600,000 in value is not taxed. On anything over €600,000, the rate varies from 0.7% to 1.5%.

**Corporate Structure:** AIMI is paid at a fixed rate of 0.4%. There is no exemption for property with a combined value of less than €600,000.

In Portugal, there is no inheritance tax between close relatives. Any other situation will be subject to a stamp duty of 10.8% of the rateable value of the property.

#### RENTAL INCOME

Any income derived from your property must be reported to the local tax authorities in your annual tax return.

## THE BUYING PROCESS

### RESERVATION AGREEMENT

A reservation agreement will be prepared which will clearly state what is to be included in the sale, the agreed price, and an exchange and completion date. A copy of the signed reservation agreement will be sent to your lawyer as a reference to the agreed terms.

### PROMISSORY CONTRACT (CONTRATO PROMESSA DE COMPRA E VENDA)

Your lawyer will carry out all of the necessary legal searches on the land and property, ensuring that the seller has clear title to sell and that there are no outstanding obligations on the land or property. They will then prepare the Promissory Contract which is a legally binding contract between you and the seller. This will state yours and the seller's details, as well as details of the property, the schedule of payments, completion date and any special terms agreed by both parties.

This must be signed by both parties in the presence of a notary or a lawyer. You can give power of attorney to your lawyer to sign the contract. It is normal at this stage for the buyer to pay a deposit, usually via the lawyer's client account.

### COMPLETION (ESCRITURA)

The official deed of transfer of ownership will be signed at the notary's office on the agreed date, either by you or your lawyer, if you have opted to give them power of attorney. The balance of the purchase price is now paid and the notary will record the transaction in the official record. Once the deed and all other associated transactions are completed, your lawyer will register your name as the new owner at the Land Registry (Registo Predial).

### CAPITAL GAINS & INHERITANCE TAX

Portugal offers residents and investors a variety of attractive tax benefits. To best understand the range of options available to you, we advise that you consult with a local lawyer or tax expert. Please speak with our Sales team if you would like an introduction.