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# A GUIDE TO BUYING PROPERTY IN PORTUGAL



## A GUIDE TO BUYING PROPERTY IN PORTUGAL

*The processes involved in buying a property in Portugal are well documented.*

The processes involved in buying a property in Portugal are well documented and work well. However, as they may be different to your previous experience it is important to work with an experienced and licenced local estate agent who will guide you through the steps along the way to owning your new home in Portugal. Our mature and professional team all live close to our offices, know the area well and have many years of experience. If you have any questions speak to any of the team at **algarvehomesales.com** who will be delighted to help you.

**algarvehomesales.com** have relationships with like-minded, multilingual professionals in each of our key locations and we can recommend legal representatives, mortgage brokers, currency transfer companies, surveyors and other professionals to you at the right time to facilitate the process. We also offer property management and rental services through our **algarveholidaylets.com** company and as a result are well positioned to offer accurate information and advice to potential purchasers in terms of maintenance and utility costs, and potential rental returns.

When you have completed and own your home in Portugal the team at **algarveholidaylets.com** will be happy to offer you a competitive and professional property management service and a rental service. We can also help with a range of complimentary services e.g. removals, furnishing, refurbishment etc.

## THE BUYING PROCESS

*The buying system in Portugal is a two stage process which is well organised.*

The buying system in Portugal is a two stage process which is well organised and usually works very efficiently. The first stage, from an offer being accepted to the drawing up of a promissory contract, takes between 7 and 28 days, depending on whether you, as the purchaser, need to finalise any mortgage arrangements. The second stage, from promissory contract to *escritura* (title deed), can take as little as 10 days, but is normally 30 – 60 days. This timing can be shorter or longer but in general these guidelines work for most parties.

If a mortgage is required to facilitate the purchase of a property in Portugal we recommend that you contact a mortgage broker early on in the process, in fact even before you arrive in Portugal to start your viewings. This way once you arrive you have the confidence to view knowing that you have the funding agreed in principal. We also suggest that early on in the process you meet a Portuguese legal representative. They will explain the process and will provide an estimate of total costs relating to the purchase based on your budget/the price of the property you wish to purchase.

Once an offer has been accepted and confirmed between the buyer and the seller, your **algarvehomesales.com** agent will write to each party and confirm the price and terms that have been agreed.

You will then instruct your Portuguese legal representative to deal with the purchase. **algarvehomesales.com** will work closely with them throughout the purchase procedure. If you are not going to be present for either of the signings (promissory contract and/or *escritura*) you will appoint your chosen legal representative via a power of attorney for the transaction.

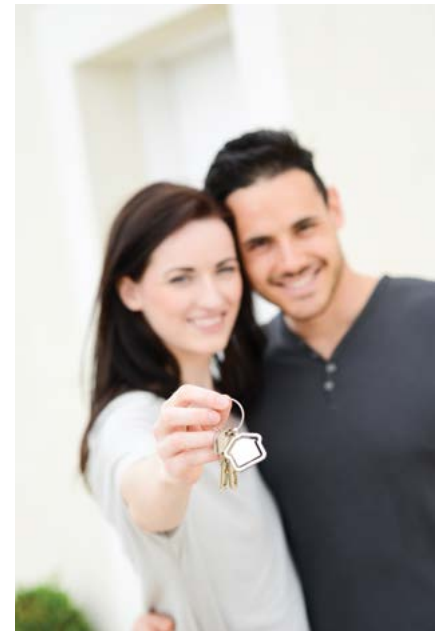
The legal representative will obtain a fiscal number for each named buyer of the property and will agree a date with the seller's legal representative for the signing of the promissory contract and the *escritura*. Before any paperwork is signed, the legal representative will conduct all of the legal searches and validate the paperwork and property licences.

The promissory contract is signed by the buyer and the seller, or their appointed power of attorney. At this point, the buyer pays a non-refundable deposit which is usually 10% of the agreed purchase price but can vary by agreement. This secures the property, stops gazumping and legally binds buyer

and seller. If after this point the seller withdraws, the deposit is refunded in double to the buyer. Alternatively, if the buyer withdraws, then the deposit is paid to the seller and the buyer forfeits their deposit.

The *escritura* is signed by the buyer and seller or their appointed power of attorney and the buyer pays the property IMT tax (stamp duty / purchase tax). This can be paid up to two weeks prior to the deed however in practice is normally paid on the same day or the previous business day.

The legal professional will register the purchase with the *Conservatória do Registo Predial* (the land registry) and with *Finanças* (the tax office). They record the sale price and grant full security of ownership.



### The buyers legal representative is responsible for the following:

- » Arranging power of attorney, if required by the buyer, prior to signing the promissory contract
- » Receiving and checking all required property documents from the seller. They will also cross reference the information supplied at the tax office and land registry
- » Drawing up the promissory contract to be approved before signing by both buyer and seller
- » Agreeing a signing date of the promissory contract and *escritura* with both the buyer and seller
- » Receiving the promissory funds from the buyer, in their designated client account, prior to the signing of the promissory contract
- » Attending the signing of the promissory contract as the buyer's power of attorney and/or translator
- » Receiving payment of the IMT tax (stamp duty) due from the buyer prior to completion where it is then paid at the tax office
- » Attending the signing of the *escritura* as the buyer's power of attorney and/or translator
- » Registering the purchase with the land registry and the tax office. They record the sales price and grant full security of ownership
- » Transferring utility suppliers' contracts to the new owner

## PORTUGUESE PROPERTY BUYING TAXES

Land and property attract an IMT tax payment (stamp duty / purchase tax) which must be paid by the buyers before the *escritura*. Usually this is effected by their legal representative who pays this charge at any tax office. A document is issued by the local tax office which proves that the tax has been paid. This document is presented at the signing of the *escritura*.

The amount of the IMT tax payment depends on the property, and the agreed sales price. Your legal representative will have provided a simulation of the potential amount early on in the process. As soon as the final offer has been agreed and accepted the legal representative will inform you of the final amount.

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**FOR MORE INFORMATION ABOUT BUYING IN PORTUGAL**

Visit our website [www.algarvehomesales.com](http://www.algarvehomesales.com)

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