

Property Management & Rentals

Renting Out Your Property In Spain: Tips And Guidelines For Landlords

Renting out a property in Spain can be a great way to generate income and make the most of your investment. However, it's important to understand the legal and practical considerations involved in becoming a landlord. From navigating rental regulations to finding reliable tenants, there are many factors to consider when renting out your property.

In this guide, we'll provide you with tips and guidelines to help you navigate the process of renting out your property in Spain. Whether you're a seasoned landlord or new to the game, this guide will provide you with valuable information to ensure a successful rental experience.



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Make sure you are registered on the Property Registry

It is important to ensure that your name is listed as the owner at the Spanish Land Registry.

when you purchase a property in Spain. While this should be done at the time of purchase, it is recommended that you double-check if you plan on renting it out. This is because prospective tenants often verify the ownership status before renting a property to avoid any potential rental scams.

Decide whether you want to manage the property yourself or use a property management company

Whether or not to use a property management company when renting out your property in Spain is a decision that ultimately depends on your personal preferences and circumstances.

On one hand, hiring a property management company can take a lot of the stress and responsibility off your shoulders as a landlord. A reputable property management company can handle everything from tenant screening and lease agreements to maintenance and rent collection. This can be particularly useful if you live far away from your property or if you don't have the time or expertise to manage the rental yourself.

On the other hand, using a property management company can be costly and may eat into your rental income. Additionally, not all property management companies are created equal, so it's important to do your research and choose a reputable and trustworthy company. You may also find that you prefer to manage the rental yourself in order to have more control over the process and potentially save on costs.

Ultimately, it's up to you to weigh the pros and cons and decide whether a property management company is the right choice for your specific situation.

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Who do you want to rent your property out to, tourists or long-term tenants?

It's important to note that there are different rules if you want to rent your property out to tourists as opposed to long-term tenants.

If you want to rent to tourists, you may need to obtain a tourist licence for your property, which can vary by region. In Andalusia, for example, you have to register the property with the Tourism Registry.

Contact your local town hall to see if this is a requirement in your area and how to go about applying for one.

For long-term rentals, you can ask for a deposit of one month's rent as a down payment for damages, and you should technically give this deposit to a third party for safekeeping.

How long is the initial rental period?

Under the Ley de Arrendamientos Urbanos, the rental period for long-term rentals is now five years instead of three. If your tenant doesn't give notice within 30 days of the contract renewal date, it will automatically be renewed for another five years. If you need the property back for any reason, you can only do so after one year of tenancy and must give your tenants four months' notice.

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What if a tenant is behind on rent payments?

If a tenant is behind on rent, you should first try to resolve the situation amicably, but you can make an application to evict them for non-payment if necessary. A judge will then make a decision based on your application and if they rule in your favour, the tenant must vacate the property and pay the outstanding amount of rent.

In Spain, the rate of tenant evictions is significant, and recent legislation has been introduced to address this issue. Under the new law, tenants facing eviction will first have to undergo an assessment by social services to ascertain if they are in a 'vulnerable situation'.

If they are found to be vulnerable, the eviction process can be postponed for up to one month for individual landlords and three months for businesses, allowing tenants to secure alternative accommodation. Furthermore, a judge will be required to notify tenants of the exact eviction date.

Can you increase the rental price during the tenancy?

Under the new legislation, any rent rise during a tenancy must not exceed the Consumer Price Index (CPI) or the measure of inflation. This brings an end to rental contracts which included an obligatory annual rent increase.

Notice of any increase must also be given to the tenant in writing.

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Should you take a deposit?

When renting your property on a long-term basis, you are allowed to request a one-month rent down payment to cover the cost of any damages to the property. This deposit should be given to a third party, such as the Consejería de la Vivienda in your local area.

Is the landlord responsible for paying the community fees and IBI tax?

Yes, in Spain, the obligation of paying community or building fees, along with the Impuesto Sobre Bienes Inmuebles (IBI) tax, falls on the landlord by default. The IBI tax, which is similar to council tax, needs to be paid annually to the local town hall. Nevertheless, if you and your tenant have mutually agreed beforehand that they will handle these payments and have included them in the rental agreement, then the responsibility can be transferred to them.

Do you need to pay tax on the rental income?

If you own a property in Spain and rent it out, whether you are a resident or non-resident, you are required to pay tax on the rental income.

It's important to note that if you are a non-resident and do not rent out your property but use it for personal holidays, you still have to pay non-resident tax on the property. The tax rate for EU residents, as well as residents of Norway or Iceland, is 19 percent, while others will pay a tax base rate of 24 percent.

To ensure you are paying the correct amount of tax and properly declaring it, it's recommended to seek advice from a professional legal advisor.

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Keep well informed of regulations and newly implemented laws

It is crucial to remain up-to-date with any newly implemented laws or regulations that might impact your rental property in Spain, as regulations for landlords may undergo frequent changes. Being well-informed can prevent legal complications and ensure adherence to all pertinent regulations.

Be sure to maintain copies of all significant rental paperwork

Retain duplicates of all significant rental-related paperwork, such as the rental agreement, deposit receipts, inventory, and any communication with the tenant, as they could come in handy in the event of disagreements or legal problems.

Invest in a reliable inventory for your rental property

To avoid any potential conflicts at the end of the tenancy, it is crucial to prepare an inventory of all the contents that are included in the property, including furniture, appliances, and other items including items such as cutlery, pictures, garden furnishings, etc.

This inventory should be signed by both the landlord and the tenant at the beginning of the lease agreement.

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Consider using a maintenance contractor

Engaging the services of a maintenance company to handle routine cleaning, repairs, and other maintenance tasks can be a wise decision to ensure the proper upkeep of your property. This approach can save you valuable time and money in the long term, as well as foster a positive rapport with your tenants.

Do you need to use a lawyer?

If you lack knowledge about the rental laws and regulations in Spain, or if you want to make sure that you comply with all the relevant laws and regulations, it's advisable to consider hiring a lawyer to help guide you through the legal system. This will give you the assurance you need and prevent you from encountering legal problems in the future.

By taking note of these suggestions and taking into account these factors, you can increase your chances of having a thriving and lucrative rental property in Spain that complies with all applicable laws and regulations.

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