

Car sales and taxes

There have been a number of articles in the press recently about problems when selling a car. By pure coincidence, an increase in the taxes relating to vehicle sales has just been announced by the Valencia region, so both subjects are covered this week

Paying taxes on vehicle transfers and the associated bureaucracy is alien to us Brits who are fortunate enough to have a system via DVLA that allows transfers to be cost and hassle free. In Spain the system is more complicated as well as an opportunity to gather taxes

Selling to a trader

Cars may be sold to a dealer either directly or in part exchange. In such cases the paperwork should be handled by the trader who will factor in the fees and taxes. If he is selling you a car, he should ideally either have the car registered in your name before handing it over or have prepared papers showing that the car is being transferred to you

When you sell a car to a trader the common practice is for the car to remain in your name until it is sold on. This process whilst pretty much the norm is not strictly correct but the reason it happens is to do with taxation. Until recently the tax levied on private transfers was 4% of the value, but on cars sold by a dealer IVA at 21% is levied; you can therefore see that it is in the trader's interest- and yours- to treat the sale as private. Anyone uncomfortable with this can insist that a bill of sale is produced and pay the higher tax

It can and does happen that a sold car is still in your name when the next road tax is due. In these cases the dealer (or private individual) should reimburse you with the tax, so it is prudent to get this in writing when selling too

Warranties

One of the reasons for the high cost of cars in Spain is that a one year warranty has to be provided for all cars purchased from dealers. It is in your interest when buying to ensure that you obtain agreement in writing from the dealer that the car is warranted. I once bought a car which developed a major fault; the dealer told me that as I purchased at a "special price" no warranty was included. A trip to the Consumers Office soon sorted that one out. No such warranty exists when buying privately

Transfer taxes

Early in August the government of Valencia Region (Alicante, Castellon and Valencia Provinces) announced a raft of tax increases on the sale of property and also on vehicles. Previously the transfer tax on all privately sold vehicles was 4% of the official value; perversely the official value may be less than the price paid so it is important to establish the official value to minimise your tax liability- I can help with this

Here are the new taxes:

All powered road vehicles less than 12 years of age with Cylinder Capacity greater than 2000 cc or with a value greater than €20,000 or = 8% of value

All powered road vehicles less than 12 years of age with Cylinder Capacity less than 2000 cc and with a value less than €20,000 = 6% of value

Cars over 12 years of age with a value less than €20,000

CC (Cylinder Capacity) equal to or less than 1500 a fixed tax of €40

CC 1501 to 2000 a fixed tax of €60

CC greater than 2000 a fixed tax of €140

Motorbikes over 12 years of age with a value less than €20,000

CC (Cylinder Capacity) equal to or less than 250 a fixed tax of €10

CC 251 to 550 a fixed tax of €20

CC 551 to 750 a fixed tax of €35

CC greater than 750 a fixed tax of €55

If you have any questions regarding the above, please get in touch

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