

Correct Process Of Buying A Property In Portugal

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There must be hundreds & possibly thousands of estate agents & lawyers in Portugal. The vast majority of them are open, honest, ethical & highly professional but it cannot be denied that a very few fall short of the desired standard & as newcomers it is difficult for you to identify which is which so buyers need to proceed with a degree of caution to be sure to protect their investment.

To illustrate my point, just in my immediate area over the last year or so I know of 3 purchases where the buyers thought they had bought house & extensive land but in fact had bought house only & no land whatsoever.

One ruin that had sat on the market unsold for decades with an asking price of under €5k was suddenly sold for 10 times the previous asking price (to a new immigrant). Plus two more cases where the buyer was scammed into paying the agent(s) €6k & €7.5k 'commission' (to reserve the property) respectively & another where someone thought they'd bought the entire property but have now discovered another owner exists for part of it.

One of the worst cases I've heard of is a young South African couple saw a property online & paid a 5 figure sum to a well known estate agent franchise to have them take the property off the market with no contract, promissory or anything else in exchange.

When they arrived in Portugal they went straight to the property & found the photos were many years out of date & taken with a wide angle lens & what they thought was a habitable house was in fact a ruin. When they told the agent they would not go ahead with the purchase & wanted their money back, the agent told them that he would not return their money but if they agreed to paying the 3 sellers €500 each in compensation the owners would return the rest..... which strikes me as verging on blackmail & fraud!

The law prohibits me from naming the companies involved in such iniquitous behaviour but I can say that pretty much all such despicable practices involve less than a handful of companies & all of those companies are large franchise companies who very often take people off the street & pay them on a split percentage sales basis only & whilst I can't name these individuals or companies I can & do at least do my best to keep them out of this group as soon as I see the names of those companies and/or when I detect such, the executioners axe falls silently before they know it & there is absolutely no exception to that.

So never forget that the sharks are always circling & you would be well advised to go to <https://www.trustpilot.com/> & run the name of any company you are considering dealing with beforehand.

So with that in mind, here's a few basic tips.

NEVER entirely trust anything an estate agent or seller tells or shows you. Always check with another source just to be sure you're being dealt with properly & ethically.

ALWAYS use a lawyer or solicitor for all aspects of the transaction.

NEVER use a lawyer recommended by the seller or agent just in case they have a family or other connection to the seller or agent. This is unusual but not unheard of. If the seller or agent insists you use their lawyer, just find a different property, seller & agent.

NEVER sign or pay anything to anyone until your lawyer tells you it is safe to do so.

ALWAYS ask on the relevant groups for recommendations (or otherwise) for estate agents etc.

NEVER pay a cent directly to an agent or seller (especially in cash) until your lawyer tells you it is safe to do so. It's not unheard of for a seller to request an 'under the table' part payment but don't fall for that one because it means the seller pays less tax & you might end up paying more tax at a later date.

ALWAYS keep on the right side of the law in your host country.

NEVER even consider buying a property before you've seen it with your own eyes.

NEVER believe the photos you're seeing online are up to date. - Some can be decades out of date.

ALWAYS have a knowledgeable & independent person check every aspect of structure etc before you commit to anything.

You might also like to read the info Piece entitled 'Before You Buy Land Or Property In Portugal' which is also in the files section of this group & the Trade & Business Directory (also in the files) lists lawyers, builders & surveyors if you need such services.

The professional body that licences estate agents etc can be found here:

http://www.impic.pt/impic/?fbclid=IwAR2oS94z1V_WotF-6Ko3uMUzXywePmiGSXzxc-xQomb0UWtQUI1wLUazatA

You can check to see if your agent is licenced by entering their AMI number on the link below but always remember that it is the company & directors who are licenced not necessarily the individual employee who may or may not be as open, honest & ethical as their employers.

http://www.impic.pt/impic/pt-pt/consultar/empresas-titulares-de-licenca-de-mediacao-imobiliaria?fbclid=IwAR0kE5UXOp_epsBmphYDx4HO53FAKR8v8CQKAqwi6Y9xCvWLD4GjA5XcNE

It's not unusual for migrants to want to buy a property with a mortgage or bond & my friends in the Portuguese banking industry tell me that the usual criteria is that you can apply for a mortgage with income derived from outside Portugal & they usually ask for at least 3 last payslips, 3 last months of bank statements and P60 (or national equivalent) or tax return if the applicant(s) is/are self employed.

The main difference between resident mortgage and non resident mortgage is taxation. Also, for residents they can loan up to 80% and non residents 75% & if you buy a property from the Bank they will loan up to 90% to both residents and non residents.

'Municipal rates' aka IMI are paid either once or twice a year & are significantly lower than many other countries such as the UK & an older rural property can often have an annual bill of less than €100 with rustic land costing even less & dependent on age of structure, area & value many Camara areas offer a new immigrant rates holiday to first time purchasers here & these rates holidays have sometimes been known to be of 10 years duration in some cases but remember that each case is different so just because 'Karen from FB' got a 10 year rates holiday it doesn't mean that you necessarily will. So be sure to ask about the specific property before you commit to buying.

Members should also not there are very important but very subtle differences between residency, tax residency & other non residency status and (for example) changing tax residency to Portugal before you become a resident of Portugal can cause all kinds of problems such as being unable to get the new immigrant tax benefits such as the free vehicle import & non habitual tax residency 10 year holiday on foreign income & several others as well & you will find a full explanation of that in 'Residency, Tax Residency, Citizenship, Non-Habitual Residency, Other Tax Holidays And Tax Responsibilities' in the files section of the group.

And in closing, I suggest you be especially cautious when dealing with any of the large franchise companies & whoever you deal with, don't forget to run all company names etc through <https://www.trustpilot.com/> & also check their Facebook pages especially the reviews section of those pages.