

# Tax developments affecting the real estate sector in Catalonia

Developments affecting companies introduced under Decree law 5/2025

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## KEY ASPECTS

- A higher transfer tax is imposed on properties valued at over €600,000.
- Large property holders that acquire housing properties are subject to 20% transfer tax.
- Purchasers of whole residential buildings are subject to 20% transfer tax.
- Stamp duty is increased to 3.5% when the VAT exemption is waived.
- Certain new tax benefits are introduced to mitigate some of the tax increases.
- The new decree law repeals the 70% transfer tax reduction on the purchase of housing properties if certain requirements are met.
- All of these developments will enter into force three months after the date these regulations are published, except the last one regarding the 70% reduction, which will enter into force immediately.





The Catalan regional government has introduced significant tax developments in Decree law 5/2025, of March 25, on urgent tax, personnel expenses and other administrative measures (“**Decree law 5/2025**”). It was published on March 26, 2025, and affects several taxes. This Legal Flash only focuses on the impact it will have on corporate tax.

## Modifications applicable to the real estate sector

Within its regional scope, Decree law 5/2025 significantly increases several taxes, while introducing tax benefits in some cases. It is worth noting that all of the measures we discuss in this section (except one, as explained below) will enter into force three months after the day following the publication of Decree law 5/2025 in the Official Journal of the Catalan Government (i.e., on **June 27, 2025**).

### Modifications to transfer tax rates

1. The **general rate applicable to the transfer of real estate** is modified for higher value properties. Until the entry into force of the new decree law, the general rate applicable in Catalonia was based on a scale with two brackets set according to the value of the property. Thus, the general rate was 10%, rising to 11% for properties with a value exceeding €1 million and for the taxable base exceeding that value.

Total value of the property from (€)	Total tax liability (€)	Remaining value up to (€)	Applicable rate (%)
0	0	1,000,000	10
1,000,000.00	100,000.00	and above	11

Decree law 5/2025 has created **new brackets and increases the taxation of properties with a value exceeding €600,000**. For properties up to that value, a rate of 10% is applied. For properties with a higher value, the average rate will be applied based on the following scale starting from the total value of the property, **effective from June 27, 2025**.

Total value of the property from (€)	Total tax liability (€)	Remaining value up to (€)	Applicable rate (%)
0	0	600,000	10
600,000.00	60,000.00	900,000	11
900,000.00	93,000.00	1,500,000	12
1,500,000.00	165,000.00	and above	13

2. A **20% rate is set for the purchase of housing properties by large property holders, effective from June 27, 2025**.

For this purpose, the regulation defines the following concepts:

- “**Housing property**”, which includes the home as well as a storage room, and up to two parking spaces that have been acquired at the same time or are located in the same building



or urban complex and provided that, in both cases, they are available to the transferor at the time of acquisition and have not been transferred to a third party.

- **“Large property holder”**, which is defined as an individual or a legal entity that owns more than 10 residential properties or properties with a built surface area of more than 1,500 m<sup>2</sup> for residential use located in Catalonia. Moreover, a large property holder is also considered to be an individual or a legal entity that owns five or more urban residential properties located within a strained housing market area declared by the regional government of Catalonia. The regulation clarifies that garages and storage rooms are not included in the count.

Large property holders are required to register, as explained in our [Post | Mandatory registry of large property holders and new rights of pre-emption and rights of refusal](#).

This 20% rate does not apply when any of the following exceptions occur:

- When the acquirer is a **social housing promoter** or a non-profit entity that provides housing to people and families in a situation of housing vulnerability.
- When the acquisitions of real estate are intended for the large property holder’s **registered office or workplace**.

3. **A 20% rate is also set for the purchase by an individual or a legal entity of a whole residential building, regardless of whether it is divided into condominiums, effective from June 27, 2025.** To avoid fractional purchases of buildings, a specific rule is provided under which liquidation must be made at this 20% rate in the last self-assessment, taking into account the total value of the building, reducing the taxes already paid and adding the corresponding late payment interest.

There are two exceptions to this rule concerning the purchase of a whole residential building:

- On the one hand, the two exceptions mentioned above—regarding social housing promoters, non-profit entities and acquisitions intended for the large property holder’s registered office or workplace—apply.
- On the other hand, when the following circumstances occur simultaneously:
  - The acquirer is an individual.
  - The building has no more than four residential properties.
  - All of these properties are the primary residence of the acquirer and the acquirer’s relatives up to the second degree of kinship, as set out in the regulation.

4. **Decree law 5/2025 repeals the regulation concerning the transfer tax reduction for real estate companies.**

Specifically, this regulation allowed a 70% reduction on the transfer tax rate for acquiring companies, provided certain requirements were met, one being that the property had to be transferred within three years. The reduction prevented the tax from being paid twice in a short period of time. As the repeal of this reduction is not subject to the *vacatio legis* foreseen for the rest of the amendments regarding transfer tax and stamp duty, it will be applicable from **March 27, 2025** (general entry into force of the rest of Decree law 5/2025). It is also surprising that no transitional regime has been established for acquisitions made previously, but whose three-year term has not ended at the time the repeal will enter into force.

5. The transfer tax rate **for housing cooperatives** that meet the requirements to be considered non-profit entities **is reduced to 100%, with effect from June 27, 2025.**



6. A **50% reduction** is established for the **transfer of office buildings or an unfinished structure for transformation into subsidized housing, effective from June 27, 2025**. Decree law 5/2025 grants the reduction provisionally, since the building is required to be qualified as subsidized housing or, at least, to obtain the provisional declaration as such in three years to become definitive. This operation may have a significant impact on VAT if the asset is transferred in the period of adjustment of capital goods.
7. A **50% reduction** is established for the transfer of real estate, whether residential, commercial, or industrial premises, which must constitute the **registered office or a workplace** of companies or professional businesses, **with effect from June 27, 2025**. The following requirements must be met to benefit from this reduction:
  - > The company or professional business must have its tax address and registered office in the territory of Catalonia or relocate there on acquiring the property.
  - > The property must be used within a maximum period of six months from its acquisition for the development of an economic activity other than the management of movable or immovable assets. For this purpose, the regulation refers to the concept of an entity that manages movable or immovable assets as provided in the Catalan regulation for the purposes of inheritance and gift tax.
  - > The company or professional business must be maintained for five years following the date of the public deed documenting the acquisition.
  - > The company or professional business must increase its overall workforce in the year it acquires the property with respect to the previous year and maintain this workforce for at least three years.

### Modifications to stamp duty rates

Decree law 5/2025 modifies the **variable amount of the duty on notarized deeds** subject to this type of tax, **with effect from June 27, 2025**.

1. The stamp duty applicable to the transfer of real estate in which the **VAT exemption is waived** is increased from 2.5% to 3.5%.
2. A **50% reduction** is established in the case of the **transformation of properties into subsidized housing** in the terms mentioned above for the transfer tax reduction. Likewise, this reduction may be applied to the public deed executing the mortgage loan granted to acquire these properties.
3. A **50% reduction** is established for the transfer of real estate (residential, commercial, or industrial premises), which must **constitute the registered office or a workplace of companies or professional businesses**, meeting the requirements analyzed above to apply the transfer tax reduction. Moreover, the VAT exemption cannot have been waived in the operation, meaning that it would only be applicable to the first deliveries of real estate (once the building work has finished).
4. Decree law 5/2025 reinstates a reduction that had been previously in force. Specifically, it establishes a **75% reduction** for the deeds of constitution of the **horizontal property regime for plots of land**, regulated in the Civil Code of Catalonia in the cases of industrial and logistic estates. This reduction will be applicable until **December 31, 2027**.



For additional information, please contact our **Knowledge and Innovation Group** lawyers or your regular contact person at Cuatrecasas.

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