

How Can I Claim for my Plusvalia Refund?

Have you paid the plusvalia tax even though you sold your property for less than the price you paid when you bought it? Have you lost money while selling your property? Do you want to start claiming your plusvalia tax refund? You should know that **the plusvalia tax has been annulled** by the Constitutional Court and now you can recover it.

**Imposing a tax over a transaction where there has been no profit is
ILLEGAL.**

You can start claiming the plusvalia tax refund now!

Until now, **the vendor had to pay the plusvalia tax, even though the sale of the property resulted in a loss.** The loss occurred because the sale value of the property was lower than the purchase price of it. The reason why the vendor irrespective of the selling price has had to pay this tax is that for tax calculations purposes the councils have considered the cadastral value of the property or dwelling tax (IBI), which is calculated over the value of the plot, instead of the market value of the property.

For example, before the court ruling, let's assume that in 2005 Mary bought a property located in Madrid and paid 150.000€ for it. In 2017, Mary has sold that property for 120.000€. In addition, the cadastral value of the property is 80.000€. **Although Mary has lost 30.000€ in the transaction,** because the city council sets the plusvalia tax based on the cadastral value of the property, the years of ownership multiplied by two coefficients, **she must pay approximately 7.500€ of plusvalia tax to the city council** of Madrid.

A total of 550,000 properties could be affected. Yours could be one of them!

The judgment of the court only extends to the habitual dwellings. In addition, individuals who have been affected by donations payments and foreclosures of mortgages can also claim the refunding of the plusvalia tax. Furthermore, a "technical test" shall be carried out by an independent expert demonstrating the loss in the value of the property.

What are the requirements for claiming the plusvalia tax refund?

There are some requirements that you must meet to claim the refund of the plusvalia tax:

- The vendor must have lost money in the transaction, meaning that the selling price was lower than the purchasing price.

- It has not been more than four years since the transmission, otherwise, it will be prescribed.
- The settlement of the tax should not be final.

What are the steps for claiming the plusvalia tax refund?

1. After the payment of the plusvalia tax, a letter requesting for rectification and refund of undue income must be filed to the city council that has collected the tax, stating the amount paid.
2. In the case of refusal, an appeal must be made for a replacement and then an economic-administrative complaint.
3. The last step is to initiate the judicial procedure. The deadline for response is two months.

At Lexland Lawyers we have a team of experts in this area. **Are you an affected? If you have paid the municipal plusvalia tax in spite of having lost money in the sale of your property, we can help you to get your money refunded.** We will study your case completely free of charge. If your case is eligible to start the legal process we offer our "no win, no fee" fee, with which you will only have to pay when we win your case.