

ISSUE 07

2024

# SELLERS

## GUIDE



**A1**  
ALGARVE  
LUXURY REAL ESTATE

 [WWW.A1-ALGARVE.COM](http://WWW.A1-ALGARVE.COM)

WHERE  
*Dreams*  
FIND THEIR HOME



A1 ALGARVE LUXURY REAL ESTATE  
AMI 15091

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## seller's guide

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# UNDER STAND

EVERY STEP

Our steadfast principle is to operate as a boutique company, concentrating on a limited number of outstanding villas and flats. We offer a customized marketing strategy for the strategic sale of your property.

Benefit from our vast industry experience by listing your property with us.

*Agnieszka*  
Founder & CEO



## THE PROMISE WE GIVE

Since the beginning, our core principle has been to deliver outstanding personalized service at an unmatched standard to high-net-worth individuals and businesses globally.

Allow us to showcase your property to our extensive database of clients.





# SELLING IN PORTUGAL

Selling a property overseas can offer an exhilarating experience. Typically, the legal procedures and requirements differ notably from those in your home country, making it a crucial decision with implications for your financial and tax situations.

While the A1 team will assist you throughout the process, we highly recommend involving an accredited solicitor to secure professional legal support. Here is our concise guide to selling property in Portugal and key considerations to keep in mind.

## WHAT'S NEW

Annually, Portugal undergoes legislative adjustments, impacting various laws and regulations, particularly those associated with property sales.

## HABITATION LICENSE

Changes have been made to the Habitation License (Alvará de Habitação). Starting from March 2024, the Municipal Council will no longer issue Habitation Licenses due to a new law implemented on January 8, 2024. This change will affect both ongoing cases awaiting licenses and new projects initiated after March 4, 2024. To ensure a smooth process, it is important to inform the council about your new construction, provide all necessary documentation, and settle the required fees. If the deliberations are not given within the established deadlines, individuals can proceed with the construction project.

To protect buyers from potential issues, it is crucial to request all property documentation, including the usage license (although not mandatory).

## SIMPLEX

The Simplex initiative aims to simplify administrative processes and delegate powers for managing municipal services. Response times start upon document submission, but if an individual fails to respond to requests within ten days, deadlines will be suspended. The public administration can request documents or information only once during the process. An online platform is expected to streamline processes by 2026, but municipalities can still receive and process cases using other methods.

We are here to assist you in ensuring that selling your Algarve property is a positive and enjoyable process.

# THE PROFESSIONAL VALUATION OF YOUR PROPERTY

## LEGAL TIPS



FERNANDO COSTA LLB  
COO AI

### LACK OF LICENSE

It is crucial to maintain transparency with your agent if your property is not fully licensed. Inform your agent about any disparities between the approved plans and the actual construction, or any modifications made without proper authorization over time. Dealing with this matter proactively is essential to prevent any unexpected obstacles that might impact a potential sale. A well-informed agent, briefed from the beginning, can provide advice on handling and resolving licensing concerns, guaranteeing that prospective buyers are well-informed before any issues arise. This proactive strategy can streamline the sales procedure and reduce complications in the future.

## TO BE CONSIDERED

A competent real estate agent should act as your representative and prioritize your interests.

Avoid selecting an agent solely based on the suggested selling price, as some agents may inflate the price to secure the listing. It's essential not to overvalue your property, as overpriced homes often sell below market value. Compare recently sold similar properties to determine the appropriate value.

Another common mistake sellers make is overpricing their homes. Align your asking price with the values from a comparative market analysis report based on recently sold homes. Seek guidance from your Broker to assess whether the market leans towards buyers or sellers when setting the price.

Evaluate your Broker's experience. Inquire about the brokerage contract details, required documents, contract duration, and termination procedures.

Request a detailed marketing plan outlining how they intend to promote your property. Additionally, ask for a comparative market analysis and professional valuation.

Once you have agreed on the sales strategy and the price with your Broker, instruct your lawyer to release the property documents unless you have them yourself. Let the Broker check if all documents are updated and if all licenses are in place.

# THE BROKERAGE CONTRACT



## CHOOSE A SOLE AGENT OR MULTI-LISTING?

When selling your property, you can choose between a **sole agency** or a multi-listing approach. With a sole agency, you grant exclusivity to one agent for selling your property, **ensuring personalized service and potentially avoiding overexposure on various platforms**. In contrast, using a multi-listing approach is a prevalent practice in Portugal. If you opt for a sole agency, the agent should **prioritize on selling your property**.

## REAL ESTATE AGENT FEES VARY SIGNIFICANTLY AROUND THE WORLD

- Central Europe: typically around 6%, split between buyer and seller.
- USA: ranges from 6 to 7%.
- UK: usually less than 3%.
- Portugal: fees vary from 3 to 10% and are paid by the seller.

It's crucial to be cautious if fees seem unusually high or low. When assessing fees, consider the agent's marketing efforts to ensure you're getting value for your money. **In the Algarve region, fees are typically 4 or 5%, plus 23% VAT**, paid by the seller. **Payment terms usually involve 50% upon contract exchange (CPCV) with a non-refundable deposit, and the remaining 50% upon completion.** All transactions should be overseen by your lawyer for transparency and compliance. Be careful of agents who quickly drop their fees to win your business. This fast fee reduction might indicate they could swiftly lower your property's selling price to close deals faster with potential buyers and not work in your interest.

## SELLING REAL ESTATE IN PORTUGAL FOLLOWS A PROCESS SIMILAR TO THAT OF MANY OTHER COUNTRIES

Once your broker receives all property documents, they will draft the Brokerage Contract. Ensure that you obtain a translated version of the original Portuguese document. The contract is **essential**; without it, your broker is not permitted by law to disclose information about your property or sell it on your behalf.

Our contracts are **validated and authorized by the IMPIC** (Instituto dos Mercados Públicos do Imobiliário e da Construção), **the government regulatory body for the real estate industry**.

We will outline the specific process, the marketing strategy for selling your property, and our fee arrangement. We manage each stage openly to provide you with peace of mind throughout the process.

## WHICH DOCUMENTS ARE REQUIRED?

- Passports / ID cards of all owners of the property
- Portuguese fiscal numbers (NIF) of all owners of the property
- Updated Tax Office document (Caderneta Predial)
- Recent Land Title Registry (Certidão Permanente)
- Habitation License (Licença de Habitação or Utilização)
- Officially approved and stamped plans of the property
- Ficha técnica (provided the property was built after March 2004)
- Licenses of borehole and septic tank (Licença de Furo & Licença da Fossa)
- Energy Certificate (Certificado Energético)
- Certificate of incorporation (in the case the property is held in a company)
- In the case of a representative, we need also a copy of the Power of Attorney and the ID or passport of the person in charge
- Once you have a buyer, you will be required to complete a KYC form



# THE SALES PROCESS IN PORTUGAL SIMPLIFIED TIMELINE

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## AGREEMENT

AI creates a Clear Agreement for Price and Key Sale Points, a document that would correspond with a Letter of Intent. This document outlines the detailed verbal agreement to ensure clarity on all aspects.

Both buyer and seller should sign to confirm their understanding and acceptance of the agreement. Lawyers can refer to this document to draft the preliminary agreement promptly. This document is not legally binding and allows room for renegotiation.



## THE PROMISSORY CONTRACT

After conducting thorough research, the Promissory Contract (Contrato Promessa de Compra e Venda) is prepared, typically by the buyer's lawyer. It is then sent to the seller's lawyer, along with the approved inventory list, for signature.

Both the seller and the buyer sign the Promissory Contract, which serves as the legally binding preliminary contract of sale and purchase. It should be accompanied by a deposit from the buyer to the seller, usually amounting to 10% of the purchase price. This deposit is typically made through the buyer's lawyer. According to Portuguese law, if a seller withdraws after signing the Promissory Contract, they are required to return double the amount deposited by the buyer. However, if the purchaser withdraws after signing the Promissory Contract, they forfeit their deposit.

## FINAL DEEDS

Both parties execute the Final Deed at a notary's office, officially effecting the transfer of property ownership to the buyer. In the event of absence, either party may authorize their legal representative through a power of attorney. The outstanding balance of the purchase price and applicable taxes is settled, culminating in the completion of the transaction. Following this, the new owners' particulars are submitted to the Land Registry by their legal representative, and utility bills are transferred under their name.





# PREPARING YOUR HOUSE FOR VIEWINGS

## REPAIRS

Not all investments in refurbishing for resale yield profitable results. However, significant structural defects and noticeable cosmetic imperfections should be addressed. The associated expenses need not be exorbitant but should be factored into price negotiations. As a seller, maintaining a firm position is crucial, and uncomplicated issues such as an unpainted wall should not warrant concessions.



## HOME STAGING

Check with your real estate agent to determine if they possess the expertise to effectively stage the property in order to enhance sales. Research on real estate agents in the United States suggests that employing this practice can reduce the time it takes to sell a property by 33% to 50% and increase the selling price by 10-15%. Properties presented in an appealing manner tend to sell faster than empty properties with outdated interiors. Professional stagers have demonstrated the ability to achieve significant success with minimal adjustments.

# THE SELLER'S COSTS

The seller of a property in Portugal has to bear the following costs when selling:

- Capital gains tax
- Brokerage fees

Brokerage fees are deductible from the capital gains tax.



## CAPITAL GAINS TAX

### THE CAPITAL GAINS TAX

When selling a house, it is essential to declare the transaction to the Tax Authority. If you bought the house after January 1, 1989, and the sale price is higher than what you purchased it for, you may have to pay capital gains tax. Capital gains refer to the profit made on the sale of the house and are subject to taxation by the IRS. You can calculate the tax payable by considering the current IRS brackets.

### HOW ARE CAPITAL GAINS TAXED?

As a general rule, only 50% of the capital gains are subject to taxation. For instance, if you sold a house and made a profit of 500,000 euros, only 250,000 euros will be considered for taxation purposes.

However, there is an exception for properties that have received non-refundable support from the state or other public entities for the acquisition, construction, reconstruction, or conservation works that exceed 30% of the Taxable Asset Value (VPT) and are sold before the completion of 10 years. In such cases, 100% of the capital gains are subject to taxation.

### WHAT IS THE TAX RATE?

It's important to note that there is no fixed rate for real estate capital gains taxation. These gains are taxed as part of the IRS, which means they are added to the rest of the income earned during the year to determine the applicable tax rate.

To illustrate, if you sold a house in 2023, you would pay the capital gains tax in 2024 when the IRS is settled.

### HOW IS THE CGT CALCULATED?

To determine the capital gains on the sale of a house, you need to subtract the acquisition value (the amount you paid for it) from the realization value (the amount you sold it for). If the purchase and sale occurred more than 24 months apart, you must also factor in the currency devaluation coefficient for the purchase price. You can find the relevant coefficients for properties sold in 2023 [here](#).

Additionally, it would be best if you subtracted any expenses related to buying, selling, or maintaining the property. These expenses may include costs associated with the property's appreciation. The following expenses can be deducted:

- The energy certificate;
- Commissions paid to the real estate agency for the sale;
- Maintenance and conservation work carried out in the last 12 years;
- Stamp Duty (IS) at the time of purchase;
- The Municipal Property Transfer Tax (IMT);
- The costs related to the property purchase deed;
- Solicitors' fees (if applicable);
- The land registry.

#### THE FORMULA FOR CALCULATING CAPITAL GAINS IS AS FOLLOWS:

Sale value (realization value) – (acquisition value x currency devaluation coefficient) – (acquisition and sale costs + property appreciation costs)

Note: the Tax Authority always considers the highest value between the purchase/sale price and the VPT at the time of purchase/sale.



#### WHAT IF IT'S AN INHERITED HOUSE?

If you have sold a house you inherited, the acquisition value is used for stamp duty at the time of the inheritance. This is calculated based on the VPT on the land register up to two years before the inheritance.

#### ARE THERE ANY EXEMPTIONS?

Before understanding the impact that capital gains taxation has on the IRS, it is vital to highlight some exemption scenarios. Examples include cases in which the property sold is used as a permanent home, and the realization value is used to buy another house for the same purpose within 24 months before or within 36 months after the deal.

If the entire amount is reinvested, the exemption is total. However, if you reinvest only part of it, the exemption applies in the same proportion. For example, if you reinvest 30%, the exemption will be 30% of the taxable amount.

Similarly, people over 65 or who are retired and reinvest the sale price in an insurance contract (such as a PPR), a pension fund or a contribution to the public capitalization scheme are exempt.

In cases where you reinvest, the house's sale value is considered rather than capital gains. In other words, you will only be fully exempt from taxes if you reinvest the entire amount received from selling the house, regardless of the sale value.

#### WHAT IS THE IMPACT ON THE IRS?

To illustrate how capital gains taxation affects the IRS, let's use the amount calculated in the example given above, i.e. 56,000 euros. The seller has a monthly gross salary of 1,700 euros (23,800 euros per year).

##### Without exemption

- Taxable amount: 28,000 euros
- Taxable income: 47,696 euros (23,800 + 28,000 – specific deductions of 4,104 euros)
- Total collection: 14,937.51 euros (47,696 x 43.5% = 5,810.25 euros), of which 10,750.80 belongs to capital gains.

This will not be the amount of IRS due, as the deductions must still be subtracted from the total amount. That gives the net collection. You will receive a refund if this amount is lower than the amount withheld at the source throughout the year. If it's higher, you have to pay additional tax.

##### With total exemption

- Taxable amount: 0 euros
- Taxable income: 19,696 euros
- Total collection: 4,186.71 euros (19,696 x 28.5% = 1,426.65 euros)

##### With partial exemption after reinvestment of 30%

- Taxable amount: 19,600 euros (28,000 – 30%)
- Taxable income: 39,296 euros
- Total taxable income: 11,283.51 euros (39,296 x 43.5% = 5,810.25 euros), of which 7,096.80 belong to capital gains.

# AGENCY FEES



## "KNOW YOUR CUSTOMER" FORM

KYC standards serve as a protective measure for financial institutions, helping to mitigate risks such as fraud, corruption, money laundering, and terrorist financing. The KYC process encompasses several key steps, including the verification of customer identity, understanding the nature of their activities, and confirming the legitimacy of the funds' source. In property transactions involving engagement with property agents, local lawyers, or banks, completion of forms containing standard questions is often necessary. These inquiries are designed to establish the origin of funds for the property purchase and to determine if there is any political exposure for you, your immediate family, or other beneficial owners. It is imperative to acknowledge and comply with these standard procedures accordingly, given their widespread adoption.

## OPERATING COSTS

In Portugal, conveyancing fees are payable by the seller. The habitual amount is 5% + VAT of the total sales price. The Agency Fee is only due if the broker has successfully sold your property.

The **brokerage fees** are part of the property transfer and as an operating cost, they **can be deducted from the taxable capital gains**.

## IMPIC RULES & REGULATIONS

The participation of the respective brokerage agency must be noted in the contract and the brokerage payment confirmation is officially securitized as part of the sales process.

Cash payment of any kind is to be refrained from. This is illegal and may be punished.

You will also be asked to sign a KYC form stating your identity, profession, and financial integrity. This is compulsory conduct and proof for the official entities that there was no money laundering.

The broker is subsequently obliged to inform IMPIC, the market regulator, about the character of the sale, the property, the sales price, the buyer, and the seller.

## WHEN TO PAY

Conveyancing fees are typically divided, with 50% payable upon signing the Promissory Contract (Contrato de Promessa) and the remaining 50% upon completion of the Final Deeds (Escritura Pública).

Certain brokers may request the full commission payment at the Promissory Contract signing, considering it the appropriate time when the Real Estate Agent has successfully introduced a qualified buyer who is proceeding with the purchase.



## MAXIMIZE YOUR PROPERTY EXPOSURE WITH ACTIVE MARKETING

It's time to sell your property! Your broker needs to focus on the most appealing features and select a successful marketing approach. Collaborate with your real estate agent to devise a marketing campaign that highlights your property effectively. Ensure your property is showcased online with high-quality photos, virtual tours, and even drone footage to captivate potential buyers.



## STAY OPEN-MINDED TO ALL OFFERS AND PREPARED TO NEGOTIATE

Don't sweat the small stuff when it comes to lowball offers. Just whip up a savvy counteroffer and keep the conversation flowing. Ignoring those offers is a no-go. If the initial offer isn't too shabby, go ahead and give it a thumbs up. No need to fret that your asking price is too steep, the buyer and your real estate agent know what's up. But if you've done your homework and your asking price is on point, confidently respond with a counteroffer that confirms your price. And if you're sitting pretty with a competitive price tag, get ready to crack open that bottle of bubbly because multiple offers are coming your way.

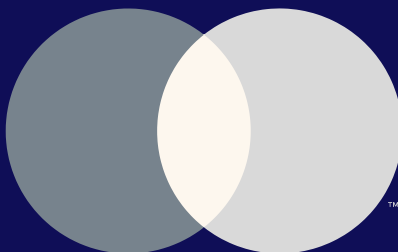




# Legal advice on real estate

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# take a lawyer!



For a secure real estate transaction in Portugal, it's recommended to engage a lawyer chosen by the seller.

Unlike many other countries, notaries in Portugal solely perform notarization duties.

The lawyer advises the seller on the Promissory Contract, typically prepared by the buyer's legal representative. Your lawyer will gather all the necessary original documents, some of which may need to be requested from the town hall.

To ease your responsibilities and focus on your relocation arrangements, consider granting your lawyer power of attorney to sign all contracts on your behalf. This way, you can transition to your new life in another country without needing to be physically present for the signing process.



# WHAT DOES A1 FOR YOU?



## Print Media

### BROCHURES & PRIVATE COLLECTION MAGAZINE

We'll craft a stunning multi-page brochure for your property, perfect for wowing potential buyers. Whether we hand-deliver it at an event or send it as a sleek and interactive flipbook, it's sure to impress.

By listing your property with us, you'll gain visibility in key locations.

### JOURNALS

Our secret to success? Hand-picking the perfect medium to target a like-minded audience. With constant exposure, we've got our eye on the prize.



We bear all costs for advertisement in advance.

# International Portals

Our strategy for acquiring genuine leads revolves around establishing seamless partnerships with reliable online platforms and identifying the ideal platform for each property. Rather than randomly listing properties on all platforms, we carefully select the portals that best match your property.





In addition to our amicable and enduring 20-year collaboration with local real estate agencies, we have established strong partnerships with reputable real estate firms in various countries across Europe, the USA, South America, and Canada. This allows us to operate on an international level without being tied to a franchise.

*Global  
Partners*

## Official Partners of A1 ALGARVE LUXURY REAL ESTATE

LONDON UNITED KINGDOM



LAKE COMO ITALY



HAMBURG GERMANY



MARBELLA SPAIN



WARSZAWA POLAND

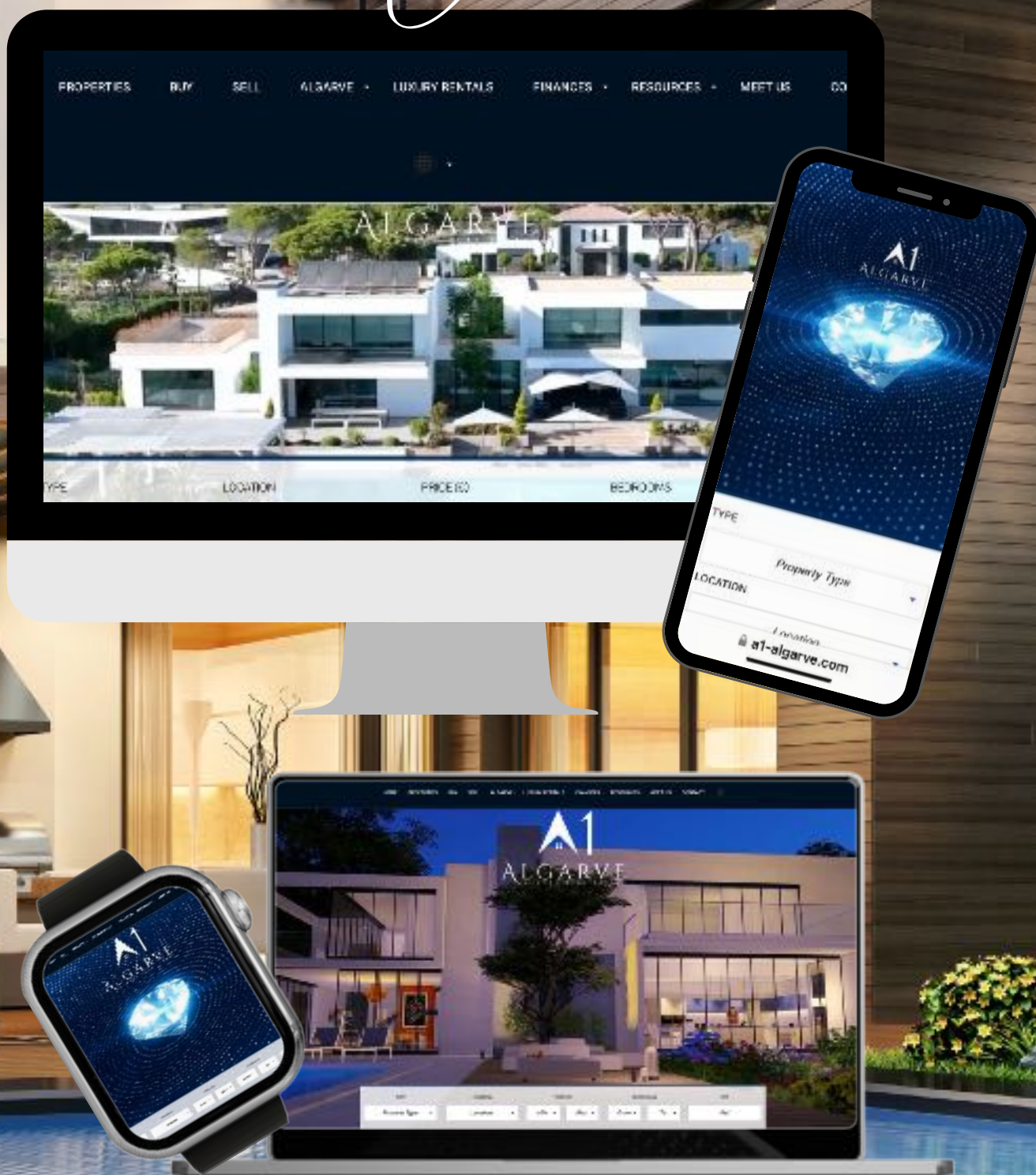


MIAMI USA



# The A1 Website

Our website is a treasure trove of properties waiting to be discovered. However, the real gems are our Discreet Listings – the ones with a hush-hush vibe. While for sale, these properties are kept under wraps by their owners. So, let's keep a secret between us, and discover the exclusive possibilities awaiting you!





# Our Media

Explore our collection of resources tailored to support you on your path. From informative newsletters to insightful podcasts, we offer a wide range of tools. Dive into our social media updates, video snippets, and blog posts for a comprehensive hub of trending topics.



## A DEDICATED TEAM TO SERVICE YOU

### ➔ DRIVEN AND ENTHUSIASTIC



I firmly believe that effective communication and building connections between individuals are key. I value these relationships in all my endeavors. When you choose to collaborate with me, will offer you a unique

perspective to explore Central Algarve through my experienced eyes. With 25 years of local insight, my aim is to help you find the perfect property and guide you through the entire process with care, ensuring your peace of mind every step of the way.

Agnieszka Kijonka – FOUNDER & CEO

### ➔ CHILL AND ANALYTIC

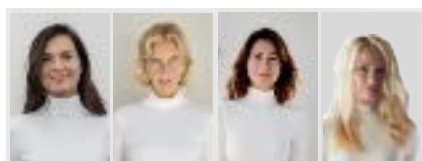


My clients mean the world to me. I am fully committed to assisting buyers in finding their dream homes and helping sellers smoothly navigate the selling process. It's important to me to ensure

that every transaction is straightforward, stress-free, and enjoyable. If you're seeking an exceptional real estate experience for your next purchase or sale, I would be delighted to assist you!

Fernando Costa – COO & PARTNER

### ➔ FULL OF ENERGY AND INITIATIVE



Choosing the right real estate agent is a pivotal decision you will face.

It can determine whether you receive continuous guidance or are left in the dark after the deal is finalized.

Introducing A1. We are not your typical agents; instead, we act as matchmakers, providing honest and impartial advice while presenting a comprehensive overview of the Algarve real estate market.

As a boutique minded agency, we prioritize genuine advice over aggressive sales tactics, ensuring that your best interests are always at the forefront.



## The A1 office

Our headquarters, located in the heart of Quinta do Lago, positions us conveniently close to the luxurious attractions of Central Algarve.

From Vale do Lobo to Vilamoura and beyond, we're just a short distance away, making it easy to find us and park with ample space available.

Remember to schedule an appointment in advance as we operate on an appointment-only basis.

Our office is situated in the Regus building, reflecting our commitment to highlighting clients rather than seeking the limelight. Emphasizing sustainability, we opt for a shared business center to reduce our carbon footprint.

Join us for a visit! Enjoy a hot cup of tea while exploring the exquisite properties we have available, all showcased up close and personal on a large screen.

WHERE  
*Dreams*  
FIND THEIR HOME



HAVE QUESTIONS THAT NEED  
IMMEDIATE ANSWERS? CHAT  
WITH US NOW FOR QUICK  
RESPONSES!

# OUR TEAM



WHERE  
*Dreams*  
FIND THEIR HOME

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