

Finance

Although on a freehold property, the banks in Spain may lend up to 60% of the amount, they will probably not be interested in financing the leasehold or rental business.

It may be possible to try to negotiate the terms directly with the business seller for the business, however; you have to understand that the seller would deal cautiously at this point of time as he hardly has anything in terms of security once he signs it over and there will probably be someone else interested in the business who has the money already available.

We can make introductions to banks that have their documentation in English and where with some additional security you may be able to obtain a "Credit Policy" which is similar to a UK overdraft. This may be available to help with refurbishment, but do not rely on getting this as part of your financial plan when buying a business.

If you have UK property then you may be able to secure a loan using that as security to buy a Traspaso based business.

Banking

We believe that the banking service in Mallorca is very simple and easy to understand. However it is different from the UK and you need to be aware of those differences.

There is no cheque clearing system here. If you write a cheque then it will appear in the recipients account as soon as he presents it, likewise it will be gone from your account at the same time.

To be honest cheques are not that common over here, most people still preferring and trusting the cash!

Credit cards, until very recently, were hardly ever seen over here, but they are now becoming more common.

Debit cards are usually provided by the bank when you open a current account but be warned. They normally have a daily spending limit on them This will catch you out and could be embarrassing. Even though you have the money in your account it will still stop you getting it via debit card if you go over your daily limit.

When using a debit card at a supermarket you will probably be asked for your passport as identification so carry it with you.

We would assist in opening a suitable bank account for you. All that is needed is your NIE number and Passport.

It will take 2 – 3 days to get the Sterling transferred from your UK account to your Mallorca account and the same will be converted into Euros at the exchange rate on that particular day.

Many banks here have agreements with UK banks to give preferential UK to Mallorca transfers.

Taxation

You will be pleased to know that the taxes in Mallorca are normally lower than in UK.

There are also two different methods of business Taxation to consider. A standard system where you pay taxation on your profit and a modular system where various aspects of your business are assessed and then you pay a fixed amount per quarter regardless of your turnover and profit. It is important you choose the best method for your particular business.

There are varying rates of IVA (VAT) here in Mallorca, from 7% which is the standard rate for the usual things you would sell in your bar such as beer and spirits. There are other rates of IVA but your Gestoria will make sure you are charging and book keeping at the correct rates. it's one of the strange anomalies here in Spain that you buy some good at a different IVA rate than you sell them at. See why you need good advice? It is usual here and more or less expected, that there are some differences in the level of declaration of takings. This is why when you ask to view someone's books over here you may not get the full picture of the true takings. Best if we don't go into too much detail, suffice to say we can discuss this with you for any business that you decide to view!

However don't be misled by agencies telling you that you that there are no accounts available for the business, this may be the case of course if the business has not been trading for some time, or there may be other genuine reasons but if a business is trading then normally there will be some form of accounts, if only a turnover record. Once again Mallorca Bar Sales and your Gestoria will advise on all the above.