

Wealth tax Mallorca: what does a buyer of a villa for €4,870,000 pay?

Model calculation over 20 years: cash purchase, mortgage only, mortgage with Lombard loan. As of 1 October 2026

On the Balearic Islands an allowance of €3,000,000 per person applies. Above it the rate rises from 0.28% to 3.45%. A buyer paying cash in the model owes **€21,194 a year, €423,888** over 20 years. With a mortgage and a Lombard loan, net wealth stays below the allowance in all 20 years: **€0**. This document shows the calculation step by step. It is a model, not tax advice.

1 · The model: villa on Mallorca

A resale villa, a buyer without residence in Spain, sole ownership. The value of the villa stays the same in the calculation. The figures are taken at 31 December of each year.

Item	Amount	Note
Purchase price of the villa	€4,870,000	Resale villa on Mallorca
Transfer tax (ITP), tiered	€583,100	8% up to €400,000, 13% from €2m
Notary, land registry, gestoría, lawyer, valuation	€97,400	Guide value 2% of the price
Total requirement	€5,550,500	Purchase price and costs
Mortgage with a Spanish bank (70% of the price)	€3,409,000	2.55% interest, repaid over 20 years, payment €18,148 a month
Lombard loan (rest of the requirement)	€2,141,500	3.15% variable, interest only, €5,621 a month, secured by your securities portfolio
Equity from savings	€0	Purchase price and costs are fully financed

2 · How high is wealth tax on the Balearic Islands?

The taxable base is net wealth in Spain, i.e. the value of the property minus deductible debts. €3,000,000 per person is deducted, and this scale applies to the rest (Balearic Islands 2026, marginal rates).

Taxable remainder from ... to	Rate on this band
€0 to €170,472	0.28%
€170,472 to €340,937	0.41%
€340,937 to €681,870	0.69%
€681,870 to €1,336,740	1.24%
€1,336,740 to €2,727,479	1.79%
€2,727,479 to €5,454,958	2.35%
€5,454,958 to €10,909,916	2.90%
over €10,909,916	3.45%

Cash purchase: net wealth €4,870,000 minus €3,000,000 allowance leaves €1,870,000 taxable. That gives **€21,194** a year. By law the allowance also applies to non-residents on the Balearic Islands; how the return has to be filed is something to clear with the tax adviser on site.

3 · Cash, mortgage or mortgage with Lombard loan: what do you pay in 20 years?

In the model a buyer without a loan pays €21,194 a year and €423,888 over 20 years. With a mortgage and a Lombard loan it is €0 in all 20 years. The tax is calculated each year at 31 December.

Route	Tax per year	Tax over 20 years
A · Cash purchase from equity	€21,194	€423,888
B · Mortgage of €3,409,000 alone	€0 until year 10, then rising	€83,022

Route	Tax per year	Tax over 20 years
C · Mortgage and Lombard loan	€0	€0
Advantage compared with a cash purchase		Amount
Tax saved by the mortgage (A minus B)		€340,866
Tax additionally saved by the Lombard loan (B minus C)		€83,022
Total tax saved (A minus C)		€423,888
Return advantage at 4% portfolio return and 3.15% loan rate (assumption)		€364,055

Return advantage: the portfolio stays invested. The spread of 0.85% on €2,141,500 over 20 years is used, without compound interest. The 4% is an assumption, not a forecast.

The tax year by year

Year	Remaining mortgage	A · Cash	B · Mortgage only	C · Mortgage and Lombard loan
1	€3,276,619	€21,194	€0	€0
2	€3,140,822	€21,194	€0	€0
3	€3,001,522	€21,194	€0	€0
4	€2,858,628	€21,194	€0	€0
5	€2,712,047	€21,194	€0	€0
6	€2,561,685	€21,194	€0	€0
7	€2,407,443	€21,194	€0	€0
8	€2,249,221	€21,194	€0	€0
9	€2,086,918	€21,194	€0	€0
10	€1,920,427	€21,194	€0	€0
11	€1,749,640	€21,194	€337	€0
12	€1,574,448	€21,194	€990	€0
13	€1,394,735	€21,194	€2,103	€0
14	€1,210,385	€21,194	€3,375	€0
15	€1,021,280	€21,194	€5,598	€0
16	€827,295	€21,194	€8,003	€0
17	€628,305	€21,194	€10,470	€0
18	€424,182	€21,194	€13,602	€0
19	€214,792	€21,194	€17,350	€0
20	€0	€21,194	€21,194	€0
Total		€423,888	€83,022	€0

4 · Why a Lombard loan on top?

The mortgage is repaid every year, and with the remaining balance the deduction from net wealth shrinks. From year 11 net wealth in the model is above €3,000,000 and the tax starts. The Lombard loan is not repaid and keeps the debts high, so net wealth stays below the allowance in all 20 years. At the same time the portfolio stays invested because you do not have to sell it.

5 · What does the structure cost, and what is the risk?

The mortgage costs €18,148 a month, together with the Lombard interest it is €23,769 a month. The interest on the mortgage comes to €946,410 over 20 years. After 20 years the Lombard loan keeps running and is still €2,141,500.

The risk: The interest rate of the Lombard loan is variable and can rise. If the value of the portfolio falls, the bank can call for more collateral or sell securities. The return advantage is not certain.

6 · What has to hold for the calculation to work?

The model shows a calculation, not a promise. Five points decide whether it holds in your case.

- **Use of the debt:** A debt is deductible if it was taken out to buy or renovate the property (Tribunal Supremo, judgment 167/2023). If the tax authority does not accept the debt for the purchase costs, the model shows €2,221 of tax in years 19 and 20.
- **Your tax status:** Residence, wealth and ownership decide. For couples each holding half in the land register the allowance applies per person.
- **The portfolio:** A Lombard loan needs a securities portfolio that the bank accepts as collateral. The lending ratio depends on the securities.
- **The bank:** A mortgage of up to 70% of the price for non-residents is the usual case, not a commitment. The bank decides on credit standing and property.
- **The tax adviser on site:** This structure is not a standard product and belongs with a tax adviser before the purchase.

7 · Next step

Send us the key data before you sign: property, region, price, planned structure and the position of your portfolio. We run your case with your figures and tell you whether the structure holds. Email info@perini.es · perini.es

Intermediation by Olga Nikushkina, real-estate loan intermediary under §34i GewO, register D-W-132-ZUCB-95, notified for Spain via BAFA. Siegfried Perini looks after you on site.

Assumptions of the calculation: Purchase price €4,870,000, property value constant, sole ownership, non-resident, allowance €3,000,000 per person, Balearic scale 2026 (0.28% to 3.45%), reference date 31 December. Balearic ITP tiered 8 / 9 / 10 / 12 / 13%, other costs 2%. Mortgage 70%, 2.55% fixed, 20 years, monthly annuity. Lombard loan 3.15% variable, no repayment. All values rounded. Model calculation, not an offer.