RAHIM MADHAVJI

A Place in the Sun

The Canadian's guide to buying a home in Italy, Spain or Portugal.

PRESIDENT, KNIGHTSBRIDGE FOREIGN EXCHANGE INC.

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Rahim Madhavji founded Knightsbridge Foreign Exchange in Toronto in 2009. His firm has helped more than 150,000 Canadians exchange over $30 billion. He appeared on Dragons' Den in 2019, and is a regular voice on BNN Bloomberg, CTV News and in the Globe and Mail when the loonie makes the news.

You are not buying a house at today's rate. You are buying it at three different rates, and you only know one of them.

Rules and procedures in this guide were checked against government and notary sources in September 2026. They change; confirm with your lawyer and accountant before you act.

This book is general information, not financial, tax, or legal advice. Exchange rates, fees, and rules change; every figure carries the date it was checked. Talk to your accountant and lawyer about your own situation.

Knightsbridge Foreign Exchange Inc. is a money services business registered with FINTRAC (M09819788) and regulated by the Autorité des marchés financiers in Quebec. The author is its president and has a financial interest in the services described in Chapters 4 and 7.

CONTENTS

Eight chapters. One week of work.

The house comes first. The money comes in three parts.

Since 2009 my company has moved more than $30 billion across borders for Canadians. A share of that has been euros going to Italy, Spain and Portugal for exactly this purpose. Since 2009 I have sat with two or three people a day, and the European buyers are the happiest calls I get. Nobody is selling because of a divorce or a job loss. They are buying a place they have dreamed about, often for decades.

It is also where I see the most money left on the table, because nobody warned them that the purchase happens in stages, that the exchange rate moves between those stages, and that the bank was quietly taking a slice of every one.

This book is that warning, delivered early enough to use. Chapter 1 shows you what the rate really costs across a purchase. Chapter 2 is the paperwork you need before you look. Chapter 3 is how the money moves at each stage and who is holding it. Chapter 4 is sending euros from Canada, including the fraud. Chapters 5 and 6 are what it costs to buy and to own, country by country, without the numbers that change every year, because your notary and your accountant give you those. Chapter 7 is paying for it and what to do about the rate on money you have not sent yet. Chapter 8 is a checklist you can hand to whoever is helping you.

Two things before you start.

FIRST

I own a currency exchange company, and it shows up where it is relevant, in Chapters 4 and 7. I have said so each time, and I have told you how to check anything I say against your own bank and other providers. If your bank gives you a better rate, use your bank. I mean that.

SECOND

I am not a lawyer, a notary or an accountant, in Canada or in Europe. Where this book touches tax or law, I tell you the rule exists and who to ask. I do not give you the number, because the number changes and the person who gives it to you should be the one liable for it.

Get the tax number first. Write the plan down. Confirm the IBAN by phone. Enjoy the house.

The ten mistakes that cost Canadians the most

I have watched every one of these happen. No one made any of them carelessly. Smart people made them because they did not know the order things happen in. Read this page now, and again the week before you sign anything.

1. Getting the tax number late. Nothing official happens without it. It takes days to weeks, and the house will not wait. Chapter 2.
2. Opening the account you will convert money through the week you need it. Identity checks take time. Open it the month you start looking. Chapter 4.
3. Sending euros straight from Canada to the seller or the notary. Send them to your own European account first, then pay locally. Chapter 4.
4. Confirming bank details by email. The email is where the fraud lives. Phone the person on a number you already had before every transfer. Chapter 4.
5. Letting the bank convert the balance without asking what it costs. The margin is the highest cost you control in the transaction. Get a second quote. Chapter 1.

6. Waiting for the perfect rate. It may never come, and the notary's date will. Decide your approach before you sign the preliminary contract, and write it down. Chapter 7.

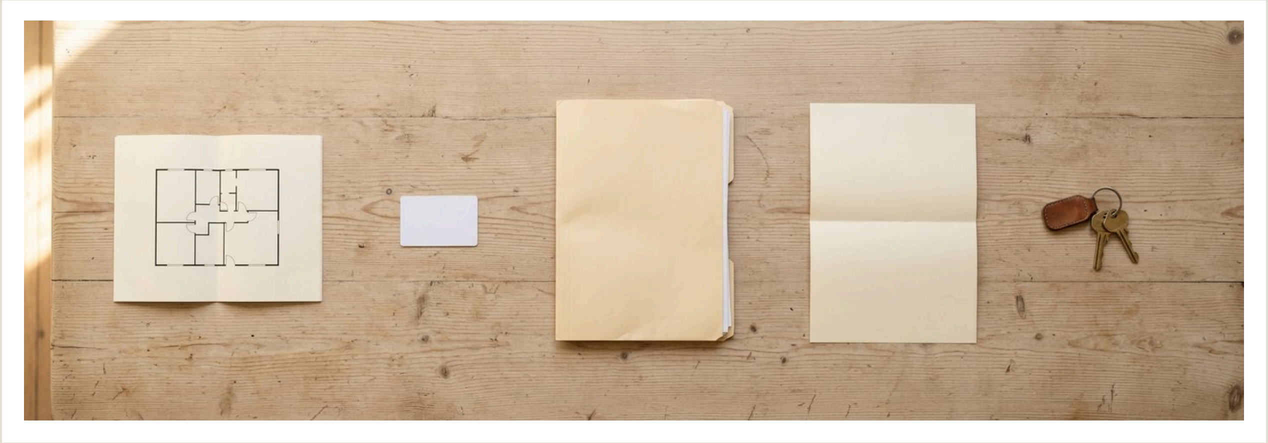
7. Not knowing who holds the deposit. Often it is the seller. Ask before you sign which account it goes to and what releases it. Chapter 3.

8. Assuming a home you never rent means nothing to file. Spain taxes an empty home. Canada has a form for foreign property. Ask your accountant every year. Chapter 6.

9. Using the seller's lawyer, or none. Your lawyer works for you. The notary does not. Chapter 2.

10. Assuming the house comes with the right to live in it. It does not. Ninety days in any 180 days, across all of Schengen. Chapter 6.

None of these is hard to get right. Every one of them is expensive to get wrong.



CHAPTER ONE

What the rate really costs on a €300,000 home

And why it's three payments, not one.

QUICK ANSWER

A €300,000 home in Portugal, Spain, or Italy is not a €300,000 purchase. It is closer to €330,000 to €345,000 once taxes, notary and legal fees are added, and you pay it in at least three separate transfers spread over three to six months. Every one of those transfers crosses from Canadian dollars to euros at whatever the rate is that day, minus whoever's margin sits on top. If your bank does the converting, that margin is measured in thousands of euros on a purchase this size, and none of it reaches Europe. This chapter shows you where the money goes, why timing matters more than most buyers expect, and how to think about the exchange rate before you sign anything.

The number you fell in love with

Most people I talk to found the house first. A stone farmhouse outside Lucca. An apartment two streets back from the beach in Lagos. A townhouse in a village in Andalusia where the coffee costs a euro fifty. They know the price in euros to the cent. They usually do a quick conversion on their phone, arrive at a Canadian dollar figure, and that figure is the one in their head when they call me.

That figure is almost always wrong, for two reasons.

First, the conversion on your phone shows the mid-market rate. That is the rate banks trade with each other. Nobody sells euros to a person at that rate. What you actually pay depends on who converts the money and how much they add on top.

The second is that the price of the house is not the price of buying the house. Each of these three countries adds a transfer tax, a notary fee, registration costs, and usually a lawyer, and the buyer pays nearly all of it. The exact numbers are in Chapter 5, but a working range is 8 to 15% on top of the purchase price depending on the country and whether the home is new or resale.

So before we talk about the exchange rate at all, the real question is how many euros you will need in total. Take the price, add the closing costs for that country, add a cushion for the first months of ownership, and that is your number.

Why it's three payments, not one

Here is the part that catches people.

In all three countries, a property purchase happens in stages, and money moves at each one.

The reservation. In Spain and Portugal, it is common to pay a small amount, often a few thousand euros, to take the property off the market while the lawyer does checks. In Italy, this step is usually a written offer with a modest deposit attached.

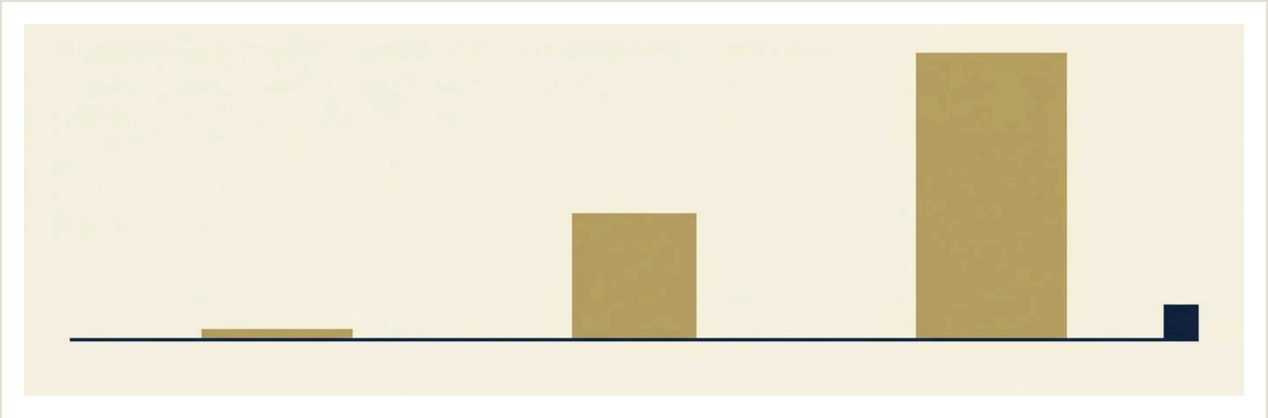
The deposit on the preliminary contract. This is the big one before completion. In Portugal it is called the *sinal* and is paid when you sign the *contrato de promessa de compra e venda*. In Spain, it is the *arras*, paid on the *contrato de arras*. In Italy it is the *caparra*, paid on the *compromesso*. In all three, the usual figure is around 10% of the price, sometimes more in Italy. If you walk away, you usually lose it. If the seller walks away, in Spain and Italy they typically owe you double.

Completion. The balance of the price is paid at the notary when the deed is signed. In Portugal, the IMT and stamp duty are due before or at this moment. In Italy, the notary collects the registration and related taxes at the same signing. In Spain, the transfer tax is paid to the regional tax office within a set period after signing.

After completion. Notary and lawyer invoices, registration, utility connections, furniture, the first year of local property tax. Small individually, meaningful together.

That is a minimum of three conversions from Canadian dollars to euros, and often four or five, over a period that runs from the day you make an offer to a month or two after you get the keys. In my experience, that is three to six months.

> *You are not buying a house at today's rate. You are buying a house at three different rates, and you only know one of them.*



What the rate does in six months

The Canadian dollar and the euro do not sit still. Over any six months the rate can easily move several percent, and in a turbulent year a great deal more.

Put that against a €300,000 purchase. A 4% move in the wrong direction between your deposit and your completion is about €11,000 on the balance you still owe, in either direction. It can also move in your favour, and sometimes it does. The point is not that the rate will go against you. The point is that you have committed to a price in euros while your money is still in dollars, and until the last payment clears, you are carrying that risk whether you meant to or not.

Most buyers do not think of it this way. They think of the exchange rate as a cost they pay on the day they send money, like a fee. It is that. But it is also a price that changes every day between the moment you sign the deposit contract and the moment you pay the balance, and that second part is usually bigger than the first.

Where the margin hides

Now the piece I know best.

When you send Canadian dollars to a euro account, somebody converts them. Whoever does that conversion sets a rate. The gap between that rate and the mid-market rate is their margin. Nobody invoices you for it. It simply shows up as fewer euros landing than you expected.

Canadian banks price euros well above the mid-market rate, and wider still on smaller amounts. A wire fee sits on top, and there may be a receiving fee at the European end.

On a full purchase, a bank's margin usually runs to thousands of euros. It is more than the notary. In most cases it is more than the lawyer. And it is the only cost in the whole transaction that you can reduce to a fraction with one phone call, because unlike the tax, the margin is not set by law. Whoever you choose to send the money through sets it.

I run a currency exchange company. I am not neutral on this, and I say so plainly in Chapter 4 where I explain how the alternatives to a bank work and what to check before you trust any of them with a sum this size. For now, the only thing I want you to take from this chapter is that the conversion is a cost; it is a large one, and it is the one you control.

The four questions to answer before you make an offer

You do not need to be a currency expert to buy a home in Europe. You need to have answered four questions before you sign anything.

How many euros do I actually need?

Price plus closing costs plus a cushion. Chapter 5 has the country figures. Write the total down.

When will each payment fall due?

Ask your lawyer for the expected dates of the deposit and the completion. They will be estimates. That's fine. You need the shape of the timeline, not the exact days.

Where are my dollars now, and how fast can I move them?

Money in a chequing account moves in a day. Money in a GIC, an investment account, or a house you have not yet sold in Canada does not. If part of the purchase depends on selling something here, your timeline has a second clock.

Who will convert the money?

Not "my bank" by default. A decision. Chapter 4 walks through the options.

Answer those four, and you have already avoided the two most expensive mistakes I see: being surprised by the total, and letting the bank convert it because nobody thought to ask.

One more thing about the rate

People often ask me whether they should wait for a better rate before they buy.

My honest answer is that nobody knows where the rate will be in three months, including me. What you can do is decide how much of the risk you want to carry. Some buyers convert everything the day they sign the deposit and accept whatever rate that is, so the rest of the purchase is settled in euros, and the rate no longer matters. Some convert in pieces as the payments fall due. Some, with a longer timeline, start moving money before they have even found a house. Each approach trades one kind of risk for another. Chapter 7 covers them properly.

What I ask you not to do is what most people do: not decide at all and let the timing be set by whatever day the lawyer's email arrives.

CHAPTER TWO

Before you look

Your tax number, your paperwork and a European bank account.

Nothing official happens without the number.

QUICK ANSWER

In all three countries, you cannot sign a purchase contract, open a bank account or pay a tax bill until you have a local tax identification number. In Italy it is the *codice fiscale*. In Spain it is the NIE. In Portugal it is the NIF. You can apply for all three from Canada, either through the country's consulate or through a lawyer acting for you, and all three are free or nearly free. Get the number before you start viewing. It takes days to weeks, and the moment you find the house, you will not want to wait. You will also need to prove where your money came from, because every bank, lawyer and notary in Europe is required to ask. Start gathering that paper now.

The number that unlocks everything

I have watched buyers lose a house over this. They found the place, agreed on a price, and then discovered the reservation contract couldn't be signed because they had no tax number, and the seller took the next offer while they waited for a consulate appointment.

Each country has its own number and its own name for it. They all do the same job: they identify you to the tax authority, and nothing official happens without them.

COUNTRY	NUMBER	ISSUED BY	APPLY FROM CANADA THROUGH
Italy	Codice fiscale	Agenzia delle Entrate	Italian consulate, or a person you authorise in Italy
Spain	NIE (Número de Identidad de Extranjero)	Dirección General de la Policía	Spanish consulate, or a representative with power of attorney in Spain
Portugal	NIF (Número de Identificação Fiscal)	Autoridade Tributária	A legal representative in Portugal via the online e-balcão, or the Portuguese consulate

Italy: codice fiscale

The *codice fiscale* is a sixteen-character code built from your name, birth date and birthplace. Only the version issued by the Agenzia delle Entrate counts. Some websites will generate one for you from your details; do not use them. The tax agency says plainly that those are not valid.

From Canada, you apply at the Italian consulate for your region with your passport. You can also authorise someone in Italy, typically your lawyer, to apply at any Agenzia delle Entrate office on your behalf. It is free.

Spain: NIE

The NIE is a personal number assigned to foreigners who have economic, professional or social dealings with Spain. Buying a property is exactly that. You must state the reason you are asking for it, and a signed offer or a letter from your lawyer or agent is the usual proof.

From Canada, you apply through the Spanish consulate serving your province, using the standard form and paying a small consular fee. Inside Spain, you apply at a police station or immigration office in person, or through a representative holding a power of attorney that specifically names this task. The Ministry publishes a target of a few days once the application reaches the right office. Consular processing adds time on top.

One thing worth knowing: an NIE obtained through a consulate lets you deal with Spanish authorities and buy property. It is not a residence permit and does not let you live in Spain. Chapter 6 covers how long you can actually stay.

Portugal: NIF

The NIF is the simplest of the three to get from a distance, because the whole process is online. A legal representative in Portugal, usually your lawyer, submits the application through the tax authority's e-balcão with a copy of your passport, a document showing your home address in Canada, and a power of attorney authorising them to act for you. The NIF is free.

Portugal adds one requirement that the other two do not. As a resident of a country outside the European Union, you may need to appoint a fiscal representative, a person or firm in Portugal who receives tax correspondence for you and is responsible for making sure you file. Your lawyer can usually act in this role, for a yearly fee. Ask what it costs before you sign the engagement letter.

> *Get the tax number before you get the house. It is the only part of this process where waiting costs you nothing and rushing costs you the deal.*

Proving where your money came from

Every European bank, and every notary and lawyer handling a property sale, must establish where a buyer's funds came from under anti-money-laundering law. For a Canadian buyer, this means paper.

You will be asked, at the bank when opening an account, at the lawyer when the deposit is paid, and at the notary at completion, for some combination of:

- Recent statements from the Canadian accounts the money is coming from
- Proof of how those funds were built up: sale of a property, an inheritance, savings from employment, a business sale
- Recent tax returns or notices of assessment from the CRA
- Your passport and proof of your Canadian address

This is normal. It is not a suspicion of you. But it is slower than people expect, particularly when the money has moved between accounts recently or came from selling a home in Canada. If you sold a house here to fund the purchase there, keep the closing statement from your Canadian lawyer. It answers the question on one page.

Gather these documents before you start looking. Scan them. Have your Canadian bank confirm which statements it can produce quickly and which take a week.

Do you need a European bank account?

The short answer: not always by law, nearly always in practice.

Italy. Payment at the notary is usually made by bank transfer or by banker's draft drawn on an Italian bank, and the notary must record how the price was paid in the deed. A wire from a Canadian account directly to the seller is possible in principle but slow to trace and often refused in practice. Hence, most buyers open an Italian account or route the funds through their notary's dedicated deposit account.

Spain. A Spanish bank account is not a legal requirement to buy. But the transfer tax, the notary, the annual property taxes and every utility will want a Spanish IBAN to draw from, and a mortgage from a Spanish bank requires one. Most buyers open one once they have the NIE.

Portugal. Same picture. The IMT and stamp duty must be paid before the deed, and the payment reference the tax authority issues is designed for Portuguese banking channels. Buyers without a Portuguese account usually route this through their lawyer's client account.

Opening the account uses the paperwork from the previous section. Non-resident accounts are common in all three countries, and many banks will open one remotely through a lawyer holding your power of attorney, though some insist on seeing you in person once. Expect monthly fees higher than a resident pays.

A word on where your euros should land. If you convert Canadian dollars and send euros to your own European account first, and then pay the deposit and balance from there, you control the timing of the conversion, and the seller receives a clean domestic transfer. That is the cleanest set-up, and it is what Chapter 4 assumes. If you send euros straight from Canada to the notary or seller, the money arrives as a foreign wire, which is fine but attracts more questions and sometimes a receiving fee.

3

The documents you cannot proceed without in any of the three countries. A tax number, a passport and proof of where the money came from.

0

The number of these that need the house first. Do all of it before you start viewing.

The lawyer question

None of the three countries requires a buyer to use a lawyer. The notary is the legally required person and is neutral between buyer and seller. Even so, I would not buy without one, and neither would anyone I know who has done it more than once.

The reason is that everything in this chapter is easier with a local lawyer holding your power of attorney. They obtain the tax number. They open the bank account or provide the client account. They read the preliminary contract before you sign it, in a language you may not read. They also check that the person selling the house owns it, that there is no mortgage or unpaid tax attached to it, and, in Italy and Spain, that the building was legally built, which is not always the case.

Global Affairs Canada's own advice for Spain says to get legal advice in Canada and in Spain before making any commitment on property, and warns that disputes can take a long time and cost a great deal to resolve. That is a government telling you to hire a lawyer. Take the hint.

Budget one to two per cent of the price for legal fees, and make sure the lawyer is independent of the agent and the seller.

CHAPTER THREE

Reservation, deposit, completion

How the money moves at each step, and who the notary is.

QUICK ANSWER

A purchase in Italy, Spain or Portugal runs through three legal stages, and money changes hands at each one. First, a reservation, usually small, that takes the property off the market. Then a signed preliminary contract with a deposit of around 10 per cent, which binds both sides. Then completion in front of a notary, where the balance is paid, and the deed is signed. The notary is a public official who reviews and registers the deed, not your lawyer. Who holds the deposit varies: often the seller directly, sometimes the agent or a lawyer, and in Italy increasingly the notary's own deposit account. Know which stage you are at, what you are committing to and who is holding your money before you send a single euro.

Three signatures, three transfers

Canadians are used to a process where you sign one offer, it goes firm when the conditions clear, and the money moves once on closing day through your lawyer's trust account. Europe does not work that way. The commitment builds in steps, and so does the money.

Here is the sequence in all three countries, with the local names.

STAGE	ITALY	SPAIN	PORTUGAL	WHAT YOU PAY
1. Offer or reservation	*Proposta d'acquisto*	*Contrato de reserva*	*Contrato de reserva* (less common)	Small amount, a few thousand euros
2. Preliminary contract	*Compromesso* (*contratto preliminare*), deposit called *caparra*	*Contrato de arras*, deposit called *arras*	*Contrato de promessa de compra e venda* (CPCV), deposit called *sinal*	Usually about 10%, sometimes 15 to 30 in Italy
3. Completion	*Atto notarile* (*rogito*)	*Escritura pública*	*Escritura pública de compra e venda*	Balance plus taxes and fees

Each stage has its own rules on what happens if someone backs out, and those rules are where buyers get hurt.

Stage one: the reservation

The reservation exists to stop the seller from taking another offer while your lawyer checks the property. It is short, often a page or two, and the amount is small. In Spain, it is common for the agent to hold this money. In Italy, the *proposta d'acquisto* is a written offer that becomes binding on you if the seller accepts, and the cheque or transfer that goes with it is held until then.

Two things to insist on here. First, that the reservation is conditional on your lawyer being satisfied with the title and the building's legal status, so you get the money back if something is wrong. Second, that the reservation period is long enough for those checks, which in Italy and Spain can take several weeks. A reservation that expires before your lawyer has the paperwork is a reservation that will cost you the deposit or the house.

This is also the first transfer from Canada to euros. It is small, so most people let the bank do it without thinking. That is fine. Just treat it as a rehearsal: it tells you how long your bank takes to send an international wire, what it charges and what rate it gives you. You will want that information before the deposit.

Stage two: the preliminary contract and the deposit

This is the stage that matters. Once the preliminary contract is signed, you are legally bound to buy, and the seller is legally bound to sell.

Italy. The *compromesso* sets out the price, the completion date and the conditions. The deposit is a *caparra confirmatoria*. If you fail to complete, the seller keeps it. If the seller fails to complete, you can demand double the *caparra* back. Italian deposits are often larger than elsewhere, and a preliminary contract can be registered with the tax authority, which gives you protection if the seller sells to someone else or goes bankrupt before completion. Registration costs money, and your lawyer should tell you whether it is worth it.

Spain. The *contrato de arras* usually uses what are called *arras penitenciales*: either side can walk away, but you lose the deposit if it is you, and the seller pays it back double if it is them. Other forms of *arras* exist and mean different things, so the exact wording matters. Your lawyer reads it. You do not sign it because the agent says it is standard.

Portugal. The CPCV works the same way: you lose the *sinal* if you back out; the seller returns double if they do. The CPCV should also state who pays the IMT and stamp duty (the buyer, in practice) and by when the completion must happen.

The deposit is not a down payment. It is the price of changing your mind. Once you send it, you own the decision.

Now the money. The deposit is typically paid by bank transfer directly to the seller, and in all three countries that is legal and common. It is also the moment when a buyer has the least protection, because the seller holds your money and the property is still theirs. Alternatives your lawyer can arrange:

- Your lawyer or the seller's lawyer holds the deposit in a client account until completion, releasing it only when the deed is signed.
- In Italy, the deposit is held in the notary's dedicated account, which the notary must keep separate from their own funds.
- In Spain, some agents and developers offer an escrow arrangement, but it is not standard, so don't assume it.

Ask, before you sign, exactly which account the deposit goes to and what conditions release it. If the answer is "the seller's personal account, no conditions," that is normal, but it is also a risk, and the size of the deposit should make you want your lawyer's checks finished first.

For most Canadian buyers, this is the first conversion large enough for the rate to matter. It is where the choice of who converts the money starts to cost real dollars. Chapter 4 is about exactly that.

Stage three: completion at the notary

In all three countries, a property sale is only valid when a public notary draws up or authenticates the deed, and it is registered. The notary is not your lawyer. They are a legally trained public official, neutral between buyer and seller, whose job is to make sure the deed is valid, the identities are correct, the taxes are paid, and the transfer is recorded in the land registry.

What that means in practice:

Italy. The notary reads the deed aloud, both parties sign, and the notary collects the registration, mortgage and cadastral taxes at that moment and pays them to the state. A banker's draft usually pays the balance or a transfer that has already cleared to the notary's deposit account, and the deed records how the price was paid. Buyers usually choose the notary and pay the notary's fee.

Spain. The *escritura* is signed at the notary's office. The balance is normally paid at the table by banker's draft from a Spanish bank, or by transfer with proof shown to the notary. The notary then sends the deed for registration. The notary does not collect the transfer tax; you or your lawyer pay it to the regional tax office within a fixed period afterwards, usually 30 working days, and the deed cannot be registered until it is paid. The seller pays the *plusvalía municipal*, a local tax on the increase in land value, unless the contract says otherwise.

Portugal. The IMT and stamp duty are paid before the *escritura*, and the notary will not proceed without the payment receipt. The *escritura* can be signed at a notary, a land registry office or under the Casa Pronta one-stop service, which handles the registration at the same time. The balance is paid by banker's cheque or transfer, again with proof at the table.

The balance is the biggest conversion in the whole transaction, 85 to 90 per cent of the price. The preliminary contract fixes the date weeks in advance. That combination, a large known sum on a known date, is exactly what Chapter 7 is about: you can either accept whatever the rate is on that day, or lock it earlier.

3

The number of times you pay before you own the house. Reservation, deposit, balance.

1

The number of those payments that are protected by a neutral official holding the funds. The last one is at the notary. Everything before it depends on the contract your lawyer negotiated.

What can go wrong between deposit and completion?

The gap between stage two and stage three is usually two to four months. Things that happen in that gap:

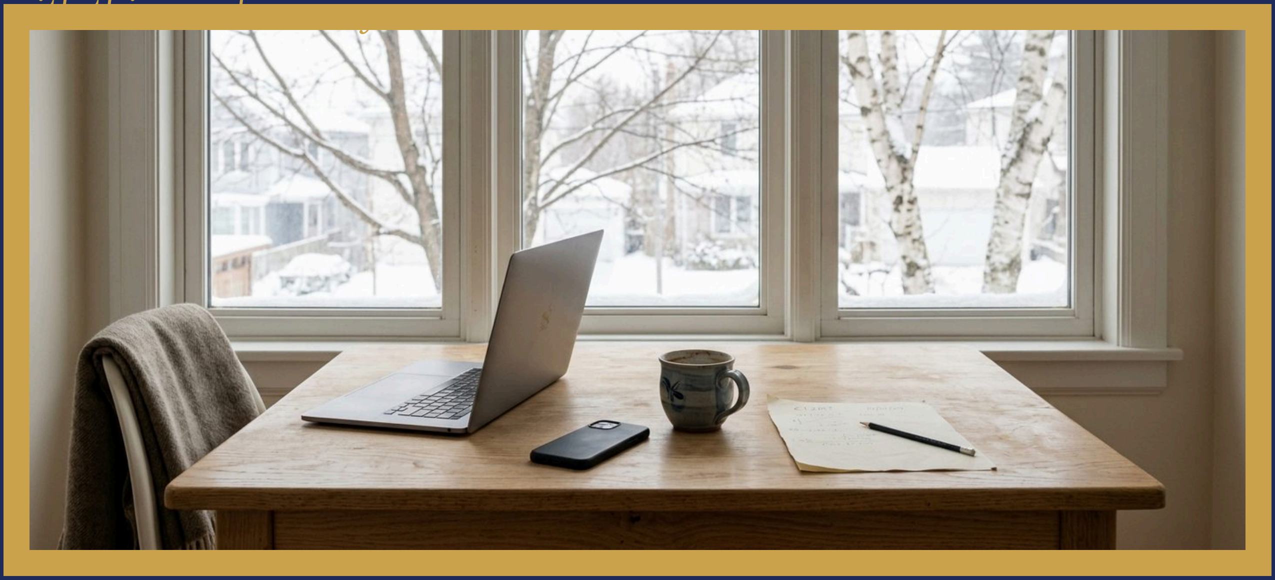
- Your money is not ready. A GIC has not matured, a Canadian property sale slips, a transfer gets held for source-of-funds questions. The completion date is in the contract; missing it can cost you the deposit.
- The rate moves. Covered in Chapter 1 and Chapter 7. A 4% move on a €270,000 balance is roughly €10,800.
- The seller's paperwork is not ready: an unregistered extension in Spain, a missing habitability certificate, a cadastral mismatch in Italy. Your lawyer should have found these before you signed the *compromesso*, *arras* or CPCV, which is why the reservation period exists.
- The bank refuses a transfer. European banks can and do hold large inbound wires from outside the EU pending documents. Have the source-of-funds folder from Chapter 2 ready before you send.

Every one of these is manageable if you know it is coming. None of them is manageable on the morning of the *escritura*.

CHAPTER FOUR

Sending euros from Canada

Banks, providers, IBANs, timing, and what to check before you trust anyone



QUICK ANSWER

You have two ways to turn Canadian dollars into euros in a European account: your bank or a currency exchange provider. Banks are simple and slow, and their margin on euros is wide, and a wire fee sits on top. Providers are regulated money services businesses that typically charge a fraction of that and send the wire free, but you need to check that they are registered with FINTRAC, understand how they hold your money, and follow a strict routine on account details. I run one of those providers, so read this chapter knowing that. Whichever route you choose, send the euros to your own European account first, confirm the IBAN by phone with the person who gave it to you, and do a small test transfer before the deposit.

First, my interest

I am the president of Knightsbridge Foreign Exchange, a currency exchange company I started in 2009. Since then, we have moved more than $30 billion for Canadians. A share of that has been euros going to Italy, Spain and Portugal for property.

So I am not neutral about what follows. Most people should not let their bank convert a sum this large. That is also how I make a living. Rather than pretend otherwise, I am going to give you the numbers and the checks, and let you decide. If you read this chapter and use a competitor of mine, or your bank, after checking what I tell you to check, the chapter did its job.

How the bank does it

You log into your Canadian bank, set up an international wire to the IBAN in Europe, enter the amount in euros or dollars, and confirm. The bank converts at its posted rate for euros that day, deducts a wire fee, and sends the money through the SWIFT network. It arrives in one to five business days.

The cost has three parts.

The margin

The bank's euro rate sits above the mid-market rate. The gap between the two is money you will never see on a statement as a fee, because it is inside the rate.

The wire fee

A flat fee for every outgoing international wire, which varies by bank and by whether you send it online or in a branch.

Intermediary and receiving fees

SWIFT wires often pass through one or more correspondent banks, each of which may deduct a fee, and the European bank may charge to receive.

Banks also have daily limits on online wires, often well below the size of a property balance, which means a branch visit or a phone call and sometimes a split into several transfers. Each split is a separate wire fee and a separate rate.

None of this is hidden exactly. It is just spread across places nobody looks.

How a provider does it

A currency exchange provider, sometimes called a foreign exchange broker or a money services business, does the same conversion with a different cost structure. The steps look like this:

1. You open an account, which involves identity checks similar to a bank's, because providers are regulated under the same anti-money-laundering law.
2. You call or log in, say how many euros you need and where they are going, and the provider quotes you a rate. The rate is live, and you accept it or not. Once accepted, it is locked for that trade.
3. You send Canadian dollars to the provider by bill payment, Interac e-Transfer, EFT or wire from your Canadian bank account.
4. When your dollars arrive, the provider sends the euros to your European IBAN.

At Knightsbridge, the margin runs from roughly 0.1 to 0.8% depending on the amount, with larger transfers at the lower end, and outgoing wires are free. Other providers publish their own tiers; compare them the same way, against the Bank of Canada rate on the same day.

That is the whole argument, and you do not have to take my word for it. Get a euro quote from your bank and from a provider on the same afternoon, look up the Bank of Canada rate for that day, and put the three numbers side by side.

Ask your bank and a provider for a rate on the same amount within the same hour. Then look up the Bank of Canada rate. The gaps tell you everything.

The checks before you trust anyone

A provider is holding your money between the moment your dollars arrive and the moment the euros leave. With a house deposit, that could be tens of thousands of dollars for a day or two. Here is what I would check about any provider, including mine.

FINTRAC registration

Every money services business in Canada must be registered with FINTRAC, and the registry is public. Search the company name. If it is not there, or the registration is expired or revoked, stop. Knightsbridge's registration number is M09819788.

Provincial registration where it applies

In Quebec, money services businesses also need a licence from the AMF. Check there too if you live in Quebec.

How long they have operated and at what scale

A company that has moved billions over many years has processed the kind of transfer you are about to make thousands of times. That does not make it safe on its own, but it is a starting point. Ask.

How the money moves

Ask whether your dollars go to a Canadian bank account in the company's name, how long they typically hold funds before sending, and what happens if the euro wire is delayed. Get the answers in writing. Don't accept vague reassurance about where the money sits; ask specific questions and expect specific answers.

The rate versus the reference

Ask for a quote on a specific amount, note the time, and compare it with the Bank of Canada rate published for that day. A provider that will not quote until your money has arrived, or that quotes a rate you cannot compare, is telling you something.

Fees, all of them

Wire fee, account fee, receiving fee, any charge for cancelling. Some providers advertise no margin and recover it in fees, or vice versa. Total cost is what matters.

Who answers the phone

For a sum this size, you want a named person who will pick up when the notary emails at 4 p.m. their time. Test this before you need it.

IBAN, SWIFT and getting the details right

European bank accounts are identified by an IBAN, a long string beginning with the country code: IT for Italy, ES for Spain, PT for Portugal. Wires from Canada also need the receiving bank's SWIFT code (also called a BIC). Inside the euro area, transfers between accounts move through the SEPA system, which is fast and cheap, but a wire from Canada is not a SEPA transfer; it is an international wire that becomes domestic money once it lands.

This is why I keep saying: send the euros to your own European account, not to the seller or the notary. Once the money is in your account in Portugal, Spain or Italy, paying the deposit or balance is a domestic euro transfer, which the seller's bank and the notary see every day. A foreign wire landing in a notary's account from Canada invites questions, delays and sometimes refusal.

Now the part I cannot say strongly enough

Property purchase fraud is built on changed account details. The pattern is simple. Someone intercepts email between you and your lawyer, agent or seller, and at the right moment sends you a message with new bank details, often with a plausible reason. You wire the deposit. It is gone. This happens to careful people, in all three countries, every year.

The defence is routine, and you do not break it once:

- Get the IBAN and account name in writing at the start, from your lawyer, in person or by phone.
- Before every transfer, call the person who gave you the details on a number you already had, not one in the email, and read the IBAN back to them.
- Treat any change of bank details as fraud until proven otherwise by that same phone call.
- Send a small test amount first, wait for confirmation that it landed, then send the rest.

A provider or bank will send the money wherever you tell them. Neither can get it back once it has left. The check is yours.

€0

What you recover if the deposit went to a fraudster’s IBAN. Verify by phone, every time.

Timing, and a word on speed

Plan on three to five business days from deciding to send until the euros are usable in Europe; longer the first time while accounts and identity checks are set up. Do not open a provider account the week of your deposit. Open it when you start looking, fund it with a small test transfer, and it will be ready when the lawyer says go.

Two things slow every transfer down regardless of who sends it: the source-of-funds questions from Chapter 2, and any mismatch between the account name and the name on the transfer. Have the folder ready. Make sure the receiving account is in exactly the name the wire will show.

The reporting you will see

When you send $10,000 or more out of Canada in one transfer, the bank or provider files an electronic funds transfer report with FINTRAC within five business days. Two or more transfers within 24 hours that add up to $10,000 or more, from the same person or to the same recipient, are reported together. This is routine. It is not a tax; it does not go to the CRA as income, and it applies equally to every bank and provider. Do not try to structure transfers to stay under the threshold; that is itself an offence, and it will slow you down.

On the receiving side, European banks have their own reporting and their own right to ask where the money came from. I could not find a single published threshold that applies uniformly across the three countries, and your lawyer or the receiving bank is the right source for that.

CHAPTER FIVE

What it costs to buy, country by country

Transfer taxes, notary, registration, and the agent.

QUICK ANSWER

On top of the price, budget a meaningful percentage more, and ask your lawyer for the figure on the specific property, because it varies by country, by region in Spain, and by year. The biggest piece in every country is a transfer tax paid by the buyer: the *imposta di registro* in Italy, the ITP in Spain, the IMT plus stamp duty in Portugal. All three charge a second home more than a primary residence, and as a Canadian who is not moving there full time, you will almost always pay the second-home rate. New-build homes are taxed differently, usually through VAT instead of transfer tax.

Why the same house costs different amounts in three countries

Canadians know land transfer tax. Ontario charges it on a sliding scale, Toronto adds its own, and first-time buyers get a rebate. Europe works on the same idea with bigger numbers, more variation and, in Spain, a different rate in almost every region.

The other difference is who pays what. In Canada, the buyer pays the land transfer tax and their own lawyer, and the seller pays the agent. In Italy, the agent's commission is commonly split, so the buyer pays part of it. In Spain and Portugal, the seller usually pays the agent. Notary and registration fees fall to the buyer everywhere.

Below, one country at a time.

Italy

Transfer tax on a resale home. The *imposta di registro* is charged at a higher rate on a second home than on a *prima casa* (primary residence), and there is a minimum charge. Two small fixed taxes, the *imposta ipotecaria* and the *imposta catastale*, are added.

The base is what makes Italy different. If you are a private individual buying a home from another private individual, you can ask the notary to apply the *prezzo-valore* rule, which calculates the tax on the property's cadastral value rather than the price you paid. Cadastral values are often well below market prices, so the tax bill can be much lower than the price suggests. Your notary works this out. Ask for the figure before you sign the *compromesso*.

Transfer tax on a new home. Buying from a developer within five years of completion, you pay IVA (VAT) instead of the *imposta di registro*, at a rate that depends on the category of home, plus the three taxes above at a fixed amount each.

Notary. The notary sets fees, which vary with price and complexity, and include the notary's own taxes and registration costs. They weigh more heavily on a lower-priced home, because parts of the fee are fixed.

Agent. A commission plus IVA from each side is common, so the buyer usually pays a share of it.

Lawyer and translator. If you do not read Italian, the deed must be translated, or a translator must be present at signing, at your cost. Ask both the lawyer and the translator for a written fee before you engage them.

Geometra. An Italian surveyor who checks that the property matches its cadastral record and that the building work was legal. Not required, strongly advised.

Spain

Transfer tax on a resale home. The *Impuesto sobre Transmisiones Patrimoniales* (ITP) is a regional tax. The ITP is set by each autonomous community, so the rate in Andalucía is not the rate in Valencia or Catalunya, and regions change them. Your lawyer looks up the current rate for the region you are buying in. Some regions use a flat rate, some a sliding scale.

The tax base is the higher of the price and the *valor de referencia*, a reference value the national cadastre publishes for each property. If the reference value is above your price, you pay tax on the reference value. Check it before you make an offer; your lawyer can look it up.

Transfer tax on a new home. IVA instead of ITP, plus a stamp duty called AJD, whose rate depends on the region.

Notary and land registry. Fees are set by national tariff and scale with price.

Lawyer. Usually a percentage of the price plus IVA. Ask for the figure in writing.

Agent. Usually paid by the seller.

Plusvalía municipal. A local tax on the increase in land value since the seller bought it. By law, it's the seller's tax, but contracts sometimes shift it to the buyer. Read the *arras*.

Portugal

Transfer tax. The IMT (*Imposto Municipal sobre as Transmissões Onerosas de Imóveis*) is a national tax paid to the municipality, charged on the higher of the price and the property's tax value (VPT). For a home that is not your permanent residence, the rate is progressive, with marginal rates rising through bands and flat rates above the top bands. The bands move with each State Budget, so the only reliable figure is the one from the official simulator on the day you check.

Stamp duty. *Imposto do Selo* on the same base, paid at the same time as the IMT.

Both are paid before the deed is signed, and the notary needs the receipt.

Notary and registration. Portugal is the cheapest of the three here. The deed and registration can be done through a notary or the Casa Pronta service.

Lawyer. Usually a percentage of the price plus VAT. Ask for the figure in writing. Add the yearly fiscal representative fee from Chapter 2 if your lawyer takes that on.

Agent. Paid by the seller.

The house is the number the agent quotes. The cost is the number the notary collects. Ask for the second one before you fall in love with the first.

Why there is no table here

I have not put the totals here, because every line of them changes on a schedule I do not control, and a number that was right when this book was printed can be wrong by the time you read it. Your lawyer's written estimate for the specific property is the table. Ask for it before you sign, compare it against the costs listed above, and query anything missing.

Two things stand out. Italy is generally the most expensive of the three to buy in, mostly because of the agent's commission and the higher transfer tax, though *prezzo-valore* can narrow that gap a lot. Portugal is generally the cheapest to buy in but, as Chapter 6 shows, not always the cheapest to own.

And every euro of it has to come from Canadian dollars, at whatever margin sits on the conversion.

0

The number of these taxes you can negotiate. The only variables you control are the country, the region, the price, and, in Italy, whether the notary applies *prezzo-valore*.

What this means for your total

Go back to the number you wrote down in Chapter 1: price plus closing costs plus a cushion. Now you can fill in the closing costs properly.

Your lawyer’s estimate, plus a 3 percent cushion for the first months of ownership. That is the total in euros you will send in stages over the coming months.

CHAPTER SIX

Owning from Canada

Annual taxes there, reporting here, and how long you can actually stay.

QUICK ANSWER

Owning a home in Italy, Spain, or Portugal from Canada means two tax systems every year. Over there: a local property tax in each country, plus, in Spain, income tax on a home you do not rent out, and income tax on any rent. Over here: you may need to report the property to the CRA on Form T1135, depending on how you use it, you declare any rental income, and the treaty with each country lets you credit the tax you paid there against what you owe here. Buying the house does not let you live in it. As a Canadian, you can spend 90 days in any 180 in the Schengen area, and that clock runs across all three countries together. None of the three countries gives you the right to live there because you bought a home.

Two tax systems, one house

This is the chapter people skip, and it is the one that produces the unpleasant letters two years later.

The rule is simple: the country where the house sits taxes the house. Canada taxes you on everything you earn anywhere, and then gives you credit for what you already paid abroad so you are not taxed twice. The work is in the details, and the details differ by country.

I am not a tax adviser. This chapter tells you which taxes exist so you can ask the right questions. The answers come from a cross-border accountant who knows both Canada and the country you are buying in, and you should have one lined up before completion, not after.

Italy

IMU

The main property tax, set by each municipality within national limits. A *prima casa* is generally exempt; a second home is not, and as a Canadian resident, yours will be a second home. The rate applies to a value derived from the cadastral record, and you pay in two installments, in June and December. There is no annual bill; you or your accountant calculate it and pay it. Missing it is easy, and penalized.

TARI

The waste collection charge, billed by the municipality. The amount depends on the municipality and the size of the property.

INCOME TAX ON RENT

If you rent the property, you must pay Italian tax on the rental income. Many landlords use the *cedolare secca* flat-tax option instead of the progressive rates. Non-resident landlords file an Italian return.

A HOME YOU DO NOT RENT

Italy does not tax a non-resident on the notional rental value of an empty home. IMU is the charge.

Spain

IBI

The local property tax, charged by the municipality on the cadastral value. It is billed, and often collected by direct debit from a Spanish account.

INCOME TAX ON A HOME YOU DO NOT RENT

This is the one Canadians miss. Spain taxes a non-resident owner on an imputed rental income even if the property sits empty. The base is a share of the cadastral value, and the tax is charged at the non-resident rate, which is higher for residents of a country outside the EU. It is declared on Modelo 210, and your Spanish accountant tells you the amount and the window.

INCOME TAX ON RENT

Rental income is also declared on Modelo 210 at the same non-resident rate, and as a non-EU resident you cannot deduct expenses, so the tax is on gross rent.

WEALTH TAX

Some regions charge an annual wealth tax on assets in Spain above a threshold. A single modest property is usually below it, but check for your region and if you own more than one.

When you sell a Spanish home

The buyer must withhold a share of the price and pay it to the tax office on your behalf, using Modelo 211. You then file Modelo 210 for the gain and either pay the difference or claim a refund.

Portugal

IMI

The municipal property tax, charged yearly on the tax value (VPT). Each municipality sets rates within a national band, and payment is in one to three installments depending on the amount.

AIMI

An additional national property tax on residential property where the total VPT held by one owner exceeds a threshold. A single modest home is typically below it.

INCOME TAX ON RENT

Portugal taxes rental income earned by a non-resident, declared on a Portuguese IRS return. Portugal does not tax a non-resident on an empty home beyond IMI.

FISCAL REPRESENTATIVE

As a resident outside the EU, you will very likely need a fiscal representative in Portugal to receive tax correspondence and manage your filings. Chapter 2 covered this. The yearly fee is a cost of ownership.

Spain taxes you for owning a home you never rent. Nobody tells Canadians that. The letter arrives two years later, with interest.

Canada's side

Now the part that follows you home.

FORM T1135

Canada has a form for foreign property, T1135. Whether your home has to go on it depends on its cost and on how you use it, and the penalties for missing it are steep. This is the first question for your cross-border accountant, and you ask it every year.

One important exception: property held mainly for your own personal use is generally not "specified foreign property," so a vacation home you never rent may not need to be reported.

The moment you rent it, even for a few weeks, that changes. Ask your accountant which side of the line you are on, every year.

Rental income

Canadian residents are taxed on worldwide income. Rent from a home in Italy, Spain, or Portugal goes on your Canadian return, converted to Canadian dollars, with the expenses Canada allows. The tax you paid in the other country comes off your Canadian tax as a foreign tax credit.

The treaties

Canada has a tax treaty with each of the three countries, and they say the same thing in slightly different words. Income from real property, including rent, may be taxed in the country where the property is. Gains from selling it may be taxed there too. Canada then gives you a credit for that tax against your Canadian tax on the same income or gain.

When you sell

Canada taxes the capital gain on the sale, in Canadian dollars, using the exchange rate on the day you bought and the day you sold.

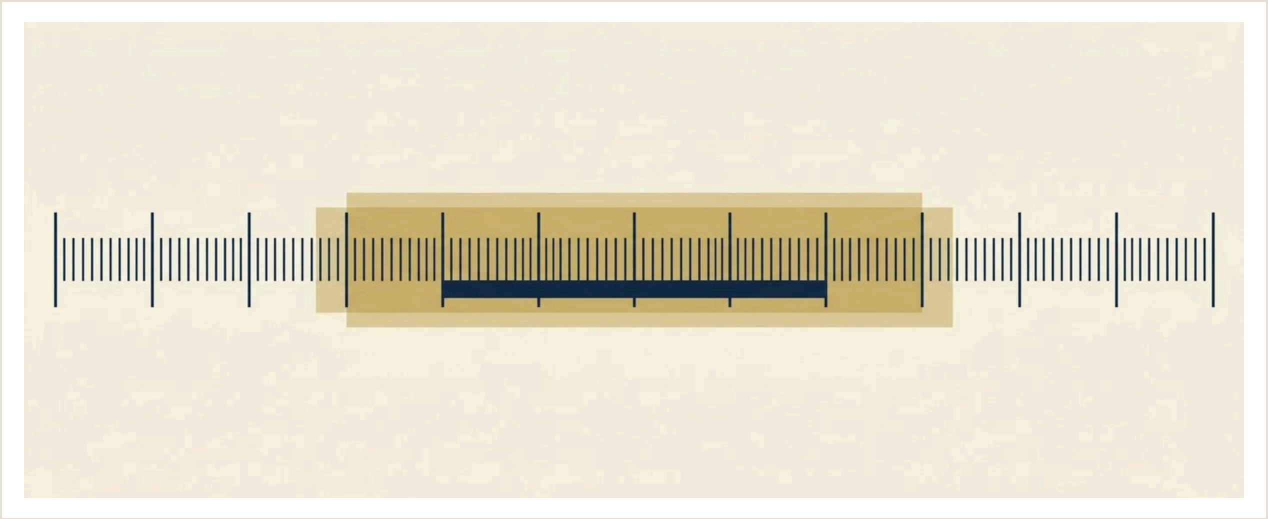
That matters. If the euro rose against the dollar while you owned the place, you can owe Canadian tax on a currency gain even if the house did not go up in euros; if it fell, the reverse. The principal residence exemption is unlikely to apply to a home you use for a few weeks a year.

How long you can stay

The house is yours. The country is not.

Canadians do not need a visa for short stays in the Schengen area, which includes Italy, Spain and Portugal. The limit is 90 days in any 180 days, counted across all Schengen countries together, not per country. The 180 days is a rolling window: on any given day, count back 180 days and add up every day you were inside Schengen. If it is more than 90, you have overstayed. The European Commission publishes a calculator that does the counting.

In practice, a snowbird pattern of three months there and three months home works. Six months there does not work without a residence visa. Overstaying brings fines and entry bans.



Buying property does not buy residency

Buying a home in Italy, Spain or Portugal does not give you the right to live there. The property investment routes that once existed have been closed or exclude real estate. If you want to stay longer than the visitor limit, that is a separate application on other grounds, and an immigration lawyer, not your property lawyer, handles it.

If you want to live in your European home for more than 90 days at a time, you are looking at a long-stay visa on other grounds, most commonly a retirement or passive-income visa in Spain or Portugal, each with its own income tests and its own consequence: you may become a tax resident there, which changes everything in this chapter. That is a different book and a different adviser.

90 in 180

The days a Canadian can spend in the Schengen area without a visa, counted across all countries together.

0

The residence rights a property purchase alone now gives you in Portugal or Spain.

The yearly rhythm

Put the recurring dates on one calendar the day you complete.

WHEN	ITALY	SPAIN	PORTUGAL	CANADA
Spring		Modelo 210 rental return	IMI first instalment	T1 return and T1135, 30 April
June	IMU first instalment			
Summer to autumn		IBI, varies by municipality	IMI further instalments if owed	
December	IMU second instalment	Modelo 210 imputed income		

Add the fiscal representative's fee in Portugal and the accountant's fee everywhere. Your accountant in that country can give you the yearly total once the property is identified.

And every one of those payments is another small conversion from Canadian dollars to euros. Chapter 7 covers how to handle the recurring ones without paying a bank margin on each.

CHAPTER SEVEN

Paying for it

A mortgage in Canada or Europe, and what to do about the rate on the money you haven't sent yet.

QUICK ANSWER

You can fund a European home from Canada in three ways: cash you already have, money borrowed in Canada against your Canadian home, or a mortgage from a bank in Italy, Spain, or Portugal. Borrowing in Canada is simpler and usually cheaper, and it means one currency conversion, done once. A European mortgage keeps your Canadian home clear but is harder to get as a non-resident, lends a smaller share of the price, and creates a euro payment every month for twenty years. Whichever you choose, the exchange rate on money you have committed but not yet converted is a risk you are carrying whether you think about it or not. You can convert early, convert in stages, set a target rate, or in some cases lock a rate ahead. None of these is right for everyone. Not deciding is the only wrong answer.

Where the money comes from

Most Canadians I have helped buy in Europe fall into one of three groups.

THE CASH BUYER

Savings, an inheritance, the proceeds of a Canadian sale. The full price is in Canadian dollars somewhere, and the only question is when and how to convert it. This is the simplest case, and the rest of this chapter is mostly for you.

THE CANADIAN BORROWER

They own a home in Canada with equity, and they refinance or open a home equity line of credit to raise the price. The loan is in Canadian dollars, the payments are in Canadian dollars, and the European home is owned outright. One conversion, at purchase. This is how many buyers do it, and it is worth a conversation with your Canadian lender before you look at anything in Europe.

THE EUROPEAN BORROWER

They take a mortgage from a bank in the country where they are buying. This is possible in all three countries, but it is a different experience from a Canadian mortgage, and it is worth knowing what you are signing up for.

A European mortgage as a non-resident

Banks in Italy, Spain and Portugal do lend to non-residents. The terms are tighter than for locals.

Banks in all three countries lend to non-residents on tighter terms than to locals: a smaller loan against the price, a term that often ends by a set age, a rate usually tied to Euribor, an income test on your Canadian earnings, and a local account. The terms vary by bank and change often. Get two written offers before you compare them to borrowing at home.

Three things to understand before you go this route

You still need a large cash deposit. With a non-resident mortgage you are still bringing a large share of the price plus all of Chapter 5's closing costs from Canada. The conversion problem doesn't go away; it just gets smaller.

Your income is in the wrong currency. The bank lends euros and expects euros back every month. Your pension, salary, or rent is in Canadian dollars. Every payment is a conversion, twelve times a year, for the life of the loan. If the dollar weakens against the euro, your mortgage payment goes up in the money you actually earn, even though the euro amount has not changed. Over twenty years, that adds up.

Set-up costs. Valuation, arrangement fee, mortgage stamp duty in Spain, notary fees on the mortgage deed in all three. Ask the lender to itemise them.

I am not saying do it. For some buyers, especially those without equity in a Canadian home or who want to keep Canadian borrowing capacity free, it is the right choice. Go in knowing you have signed up for 240 currency conversions, and plan for them.

> *A Canadian mortgage on a European home is one exchange rate. A European mortgage on a European home is one exchange rate every month for twenty years.*

The money you have committed but not yet sent

Now the part that applies to everyone, no matter how you fund the purchase.

Go back to Chapter 3. Between signing the preliminary contract and completing at the notary, there is a gap, usually two to four months. During that gap, you owe a fixed number of euros on a fixed date, and your money is still in Canadian dollars. That is an open currency position, and its size is the balance of the price plus the closing costs. On our €300,000 example, it is roughly €290,000 to €300,000 depending on the country.

Here is what a move in the rate does to that position during a three-month gap.

EURO MOVE	CHANGE ON A €290,000 BALANCE
Euro weakens 4%	€11,600 saved
No change	none
Euro strengthens 4%	€11,600 more
Euro strengthens 8%	€23,200 more

Illustration only. A move of this size within a few months is not unusual. I cannot tell you which direction the rate will go, and neither can anyone else. The table shows the range of outcomes you are exposed to, and you get to decide how much of it you want to carry.

Convert now, or convert in stages

CONVERT EVERYTHING AT THE DEPOSIT

The day you sign the preliminary contract, convert the full amount you will need and park the euros in your European account until completion. You now know your total cost in Canadian dollars to the cent. You give up any gain if the euro falls, and you protect yourself against any loss if it rises. Simple and complete. The costs: your euros sit earning little for a few months, and you need the full amount in cash at the deposit stage, which not everyone has.

CONVERT IN STAGES

Split the balance into three or four pieces and convert one every few weeks between deposit and completion. You end up with an average rate. You never get the best day, you never get the worst, and you smooth the ride. This is what I would do if I did not have all the cash on day one. It also works well for buyers whose Canadian money is arriving in pieces, from a sale or a maturing investment.

Set a target, or lock ahead

SET A TARGET RATE

Most providers, mine included, let you set a rate at which they will convert automatically if the market reaches it, sometimes called a rate alert or a limit order. You choose a rate better than today's, and if the market touches it, the conversion happens without you watching. The risk is obvious: it may never get there, and you are back to converting at whatever the rate is when the notary's date arrives. Use it for a portion, not the whole.

WHERE I HAVE AN INTEREST

A forward is an agreement to buy a set amount of euros on a future date at a rate fixed today. It removes the uncertainty completely, like converting everything at the deposit, but without needing all the cash upfront; you typically put down a deposit and pay the balance at the settlement date. Banks and some providers offer forwards to personal clients, often with minimum amounts and a margin requirement. I should be clear that Knightsbridge does not offer forward contracts to personal clients. If a forward is what you want, ask your bank or another provider, and understand before signing that if the euro falls after you lock, you still pay the locked rate.

None of these four is the right answer. There is a right process: decide which one you are using before you sign the preliminary contract, and write it down.

The buyers who lose the most aren't the ones who chose wrong. They are the ones who never chose and let the notary's calendar choose for them.

8%

How far the euro can move against the dollar in a normal year. On a €290,000 balance, that is a five-figure sum in either direction.

4

The ways to decide how much of that range you carry. Convert now, convert in stages, set a target, or lock ahead.

After completion: the recurring payments

Once you own the home, the conversions do not stop. They get smaller and more frequent: property tax, utilities, insurance, a management company, a mortgage if you took one. Doing each one as a separate international wire from Canada is the most expensive way possible, because you pay a wire fee and a bank margin every time on small amounts, where margins are widest.

Two habits fix most of it.

KEEP A EURO BALANCE

Convert a lump sum two or three times a year, in amounts large enough to get a reasonable rate, into your European account. Pay everything locally from there by direct debit. You get a better rate on a larger amount, one wire fee instead of twelve, and you never miss an IMU or IBI installment because a wire was late.

TOP UP WHEN THE RATE IS GOOD, NOT WHEN THE BILL IS DUE

If you keep six months of running costs in euros, you have six months of freedom to choose when to convert. If you keep none, you convert on the day the bill arrives, at whatever the rate is. For a European mortgage, the same logic applies at a larger scale: fund the euro account quarterly or twice a year and let the payments run from it.

CHAPTER EIGHT

The checklist

Everything in this book on four pages.

QUICK ANSWER

This chapter is the book in working form. A checklist for each stage of the purchase, three worksheets to fill in, the questions to ask your lawyer and accountant, and the payment routine that protects your deposit. Photocopy it or tear it out. When the agent, the lawyer, and the notary are all emailing you at once in a language you half read, this is the page to come back to.

Before you look

- ☐ Decide the country. If you're torn, run Chapter 5's closing-cost table on the same price for each.
- ☐ Apply for the tax number: *codice fiscale*, NIE, or NIF. Through the consulate, or through a lawyer with your power of attorney.
- ☐ Find a lawyer in that country who is independent of any agent or seller. Ask what they charge to obtain the tax number, provide or open a bank account, review a preliminary contract, and, in Portugal, act as fiscal representative.
- ☐ Find a cross-border accountant who handles Canada and your country. One conversation now, before you own anything.
- ☐ Build the source-of-funds folder: six months of statements, last two notices of assessment, closing statement from any Canadian sale, passport, proof of address.
- ☐ Talk to your Canadian lender if you are borrowing here. Get the amount in writing.
- ☐ Open the account you will use to convert and send money. Fund it with a small test transfer to your European account.
- ☐ Get a euro quote from your bank and from a provider on the same afternoon. Note the Bank of Canada rate that day. Keep the three numbers.
- ☐ Start a Schengen stay log: every entry and exit, with dates.

When you find the house

- ☐ Ask for the cadastral value (Italy), *valor de referencia* (Spain) or VPT (Portugal). That is your tax base.
- ☐ Ask your lawyer for a written closing-cost estimate for this property.
- ☐ Ask your lawyer how long the title and building checks will take, and make sure the reservation period covers it.
- ☐ Ask whether the building work is fully registered and legal. In Italy, engage a *geometra*.
- ☐ Ask who will hold the reservation money and when it will be returned.
- ☐ Fill in Worksheet 1.

Before you sign the preliminary contract

- ☐ Your lawyer has read the *compromesso*, *contrato de arras*, or CPCV and explained in writing what happens to the deposit if you cannot complete, and if the seller cannot.
- ☐ You know whose account the deposit goes to and what releases it.
- ☐ The completion date is in the contract, and you have confirmed your Canadian money can be in euros by then, including any GIC maturity or property sale.
- ☐ You have chosen your rate approach from Chapter 7 and written it down. Convert now, in stages, target rate, or lock ahead.
- ☐ You have confirmed the IBAN for the deposit by phone with the person who gave it to you, on a number you already had.
- ☐ Fill in Worksheet 2.

Between deposit and completion

- ☐ Convert according to the plan you wrote down, not according to the news.
- ☐ Every transfer: confirm the IBAN by phone first, send a small test amount, wait for confirmation, then send the balance.
- ☐ Treat any email changing bank details as fraud until confirmed by phone.
- ☐ Have the source-of-funds folder ready for the receiving bank; expect them to ask.
- ☐ Portugal: IMT and stamp duty paid and receipt in hand before the *escritura* date.
- ☐ Spain: know the ITP deadline after signing and who will file it.
- ☐ Italy: confirm with the notary how the balance will be paid and whether *prezzo-valore* is being applied.
- ☐ Arrange a translator if you will not follow the deed in the local language.

The people who do this well are not the ones who know the most. They are the ones who wrote it down before the pressure started.

The week before the notary

1. Seven days out. Confirm the completion date and time with your lawyer in writing. Ask for the final figure in euros, itemised, and the account it is to be paid to.

2. Five days out. Phone the lawyer on the number you already had and read the IBAN back to them. Do not use a number from the email that carried the IBAN.

3. Four days out. Convert the balance, or the last stage of it, and send it to your own European account. Wires take one to three business days. Do not send on the last day.

4. Two days out. Confirm the euros have landed. Send a small test payment to the notary or lawyer account and get confirmation it arrived.

5. The day before. Send the balance. Keep the confirmation. Bring proof of payment, your passport and your tax number to the signing.

6. The day. Sign. Get a copy of the deed and the notary's receipt before you leave the building.

Completion day

- ☐ Balance cleared into the account the notary expects, in the exact name shown on the deed.
- ☐ Passport, tax number document, proof of payment, and in Portugal the IMT and stamp duty receipts.
- ☐ Ask the notary when the registration will be complete and how you will receive proof.
- ☐ Get the deed reference, the property's registry number, and the notary's invoice for your Canadian accountant.

The first year of ownership

- ☐ Set up direct debits for property tax and utilities from your European account.
- ☐ Put every recurring tax date from Chapter 6 on one calendar.
- ☐ Decide whether you will ever rent the property. Tell your accountant. It changes your filings in both countries.
- ☐ Canada: file T1135 with your return if required, and report any rental income.
- ☐ Spain: Modelo 210 for imputed income by 31 December of the following year, and rental income on the schedule your accountant gives you.
- ☐ Fund the European account two or three times a year, not bill by bill.
- ☐ Fill in Worksheet 3 once and update it each year.

WORKSHEET ONE

Total euros needed

	EUROS
Purchase price	
Transfer tax (Chapter 5, on the tax base, not the price)	
Stamp duty (Portugal) or fixed taxes (Italy)	
Notary and registration	
Lawyer	
Agent’s commission, your share (Italy)	
Surveyor, translator, other	
Furniture, first repairs, utility connections	
Cushion, 3% of price	
Total euros needed	

Every figure here is in euros. Convert the total once, at the rate you plan for in Chapter 7, and keep that Canadian dollar number beside it.

WORKSHEET TWO

The payment schedule and the open position

PAYMENT	DATE	EUROS	APPROACH	DONE ON	RATE	CAD COST
Reservation						
Deposit						
Taxes and stamp duty						
Balance at completion						
Fees after completion						
Totals						

Open position after the deposit, everything below the deposit line, in euros: ___________________

Bank of Canada rate on the day you signed the preliminary contract: ___________________

WORKSHEET THREE

Yearly cost of ownership

	EUROS PER YEAR	WHEN DUE	PAID FROM
Property tax (IMU / IBI / IMI)			
Spain: Modelo 210 imputed income tax		31 Dec following year	
Waste and local charges			
Community or condominium fees			
Insurance			
Utilities (standing charges when empty)			
Fiscal representative (Portugal)			
Accountant, both countries			
Mortgage payments, if any			
Total			

Euros to hold in the European account for six months of running costs: ___________________

Five questions for your lawyer

1. Which stage of the purchase is each payment tied to, whose account does it go to, and what releases it?
2. What exactly happens to the deposit if I cannot complete on the date, and if the seller cannot?
3. Is every part of this building legally registered? Please show me the document that confirms this.
4. What is the tax base for the transfer tax on this property, and what will the tax be?
5. Will you confirm the payment IBAN with me by phone before each transfer, and will you tell me if it ever changes?

Five questions for your accountant

1. Do I need to file T1135 for this property, and does that change if I rent it for a few weeks?
2. What are my yearly filings in the other country, and who does them?
3. How do the treaty and the foreign tax credit work on rent from this property?
4. If I sell in ten years, how is the gain calculated in Canada, and how does the exchange rate affect it?
5. If I ever stay long enough to become a tax resident there, what changes?

Five steps, ten minutes

1. Bank details in writing at the start, from your lawyer, in person or by phone.
2. Before every transfer, call the person who gave you the details on a number you already had. Read the IBAN back.
3. Any change to bank details is fraud until that phone call says otherwise.
4. Small test amount first. Wait for confirmation. Then the rest.
5. Never break the routine because someone says it is urgent. Urgency is how the fraud works.

3

Transfers before you own the house. Reservation, deposit, balance.

5

Steps in the routine that protect each one. It takes ten minutes. The alternative takes years.

Since 2009 I have been on the phone with Canadians about money crossing a border, two or three of them a day. The European buyers are, honestly, the happiest calls I get. They are buying a place they have dreamed about, often for decades. Nobody is selling a house because of a divorce or a job loss. It is a good conversation to have.

It is also the conversation where I see the most money left on the table, because nobody warned them that the purchase happens in stages, that the rate would move between them, and that the bank was quietly taking a slice of every one. This book is that warning, delivered early enough to be useful.

If you want to talk it through before your first payment, my company does this every day, and the details are at the back. If you would rather use someone else, having checked what this book told you to check, that is fine too.

The paperwork feels like a lot at first. The tax number, the lawyer, the notary, the transfers, the rate. None of that is why you are doing this. You are doing it for a coffee in a square you have not seen yet, for long dinners, for a winter without a shovel, for grandchildren who grow up thinking of Europe as part of the family. The house is the point. The paperwork is just the road to it.

So get the tax number first. Write the plan down. Confirm the IBAN by phone. Then enjoy the house.

Knightsbridge Foreign Exchange Inc. is a money services business registered with FINTRAC, M09819788, and regulated by the AMF in Quebec.

Frequently asked questions

Do I need a lawyer? The notary is already involved.

The notary is neutral and works for the transaction, not for you. Get your own lawyer, independent of the agent and the seller. They obtain the tax number, read the preliminary contract in a language you may not, and check the building is legal. Chapter 2.

What happens if I walk away after the deposit?

In all three countries you usually lose it. If the seller walks away, in Spain and Italy they typically owe you double. Your lawyer confirms the exact terms in your contract. Chapter 3.

How do I know a currency provider is safe?

Check its FINTRAC registration on the public registry, get the rate and amounts in writing before you send anything, and test with a small transfer. Knightsbridge Foreign Exchange Inc. is registered as M09819788. Chapter 4.

Can I lock in a rate for the completion date?

That is a forward contract. Banks and some providers offer them to personal clients. Knightsbridge does not. What we offer is a target order: you name a rate, and if the market reaches it, the trade books automatically. Chapter 7.

How do I protect the deposit from wire fraud?

Bank details in writing at the start. Phone the person who gave them to you, on a number you already had, before every transfer. Treat any change of details as fraud until that call says otherwise. Small test amount first. Chapter 4.

Do I pay tax on the house every year?

Yes, in the country where it sits. A local property tax in all three. Spain also taxes a non-resident on an empty home as if it earned rent. Your accountant in that country handles the filings and tells you the amounts. Chapter 6.

Do I report the house to the CRA?

Property held mainly for your own personal use is generally not specified foreign property for Form T1135. Rent it out, even briefly, and that changes. Ask your Canadian accountant which side of the line you are on, every year. Chapter 6.

Can I get a mortgage there?

Yes, as a non-resident, but with a smaller loan against the price, a shorter term, and a euro payment every month for the life of the loan. Talk to your Canadian lender about borrowing here first. Chapter 7.

Glossary

Arras	The deposit paid on a Spanish preliminary contract. Under the usual form either side can walk away: the buyer loses it, the seller returns it double.
Bank of Canada rate	The daily reference rate. The number every quote in this book is compared against.
Caparra	The deposit on an Italian preliminary contract. Same double-return rule if the seller backs out.
Codice fiscale	The Italian tax identification number. Only the version issued by the Agenzia delle Entrate is valid.
Compromesso	The Italian preliminary contract. Binding on both sides once signed.

Contrato de arras	The Spanish preliminary contract.
CPCV	*Contrato de promessa de compra e venda*. The Portuguese preliminary contract.
Escritura	The public deed of sale in Spain and Portugal, signed before a notary.
Fiscal representative	A person or firm in Portugal who receives tax correspondence for a non-resident owner and is responsible for filings. Usually your lawyer, for a yearly fee.
Forward contract	An agreement to buy euros on a future date at a rate fixed today. Offered by banks and some providers. Not offered by Knightsbridge.
IBAN	The account identifier for European bank accounts. Begins with the country code: IT, ES, PT. Confirm it by phone before every transfer.

Markup	The gap between the market rate and the rate you are given. It is inside the rate, not a separate fee.
NIE	The Spanish identification number for foreigners. Required to buy. Not a residence permit.
NIF	The Portuguese tax identification number. Can be obtained entirely online through a legal representative.
Notary	A legally trained public official, neutral between buyer and seller, who authenticates the deed and registers the transfer. Not your lawyer.
Prezzo-valore	An Italian rule that lets a private buyer have transfer tax calculated on the cadastral value rather than the price. Ask the notary.
Rogito	The Italian deed of sale, signed before a notary.

Schengen 90/180	The short-stay rule for Canadians. Ninety days in any rolling 180, counted across all Schengen countries together.
SEPA	The euro-area payment system. Fast and cheap between European accounts. A wire from Canada is not a SEPA transfer.
Sinal	The deposit on a Portuguese preliminary contract.
T1135	The CRA form for specified foreign property above a cost threshold in cost. Personal-use property is generally excluded.
Target order	An instruction to book a trade automatically when the market reaches a rate you named.

About the author

Rahim Madhavji is President of Knightsbridge Foreign Exchange Inc., which he founded in Toronto in 2009. Before Knightsbridge, he worked in private equity at TorQuest Partners and in mergers and acquisitions at RBC Capital Markets, and holds an HBA from the Ivey Business School.

Since 2009, Knightsbridge has helped more than 150,000 Canadians and Canadian businesses exchange more than $30 billion. Knightsbridge has been ranked among Canada's fastest-growing companies by Canadian Business, on the PROFIT 500 and Growth 500 lists from 2017 to 2020, and by the Globe and Mail's Report on Business from 2019 to 2021. He appeared on Dragons' Den in 2019, where the company received a $1 million on-air offer from Arlene Dickinson and Michele Romanow.

Rahim is a regular commentator on currency and the Canadian dollar for BNN Bloomberg, CTV News, the Globe and Mail, Reuters, Bloomberg, the Toronto Star, CBC and the Financial Post, and a member of the Forbes Finance Council.

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This is the fourth book in the Learn with Rahim series. The others are *The Snowbird's Money Book*, *Coming Home*, and *Paid in America*.

You found the house. Now find out what it really costs.

A €300,000 home in Italy, Spain or Portugal is not a €300,000 purchase. Taxes, the notary and your lawyer sit on top, the money leaves Canada in at least three separate transfers, and the exchange rate moves between them. This book is about the parts you control.

Get the tax number first. Write the plan down. Confirm the IBAN by phone. Daily conversations since 2009 with Canadians moving money across borders, in one short book.

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