Purchasing a property in Monaco

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Despite the limitations of its small geographic scale, the real estate market in Monaco offers a surprising range of options dependent on buyers' lifestyle, family arrangements and budget. There are surprisingly different characteristics to the individual areas within Monaco and it is important that buyers understand the nuances and varying price points within any given location. It can get complicated and is not for the faint hearted!

SAVILLS MONACO is uniquely placed to assist, providing impartial and objective advice, ensuring buyers can make well informed decisions in what is, for most, an unfamiliar market.

Purchasing in Detail

Costs and Fees

In general, on the purchase of "second-hand" property, costs and fees will amount to 6.25% of the purchase price and will be due by the Purchaser. This 6.25% comprises registration duty (4.75%) and notarial fees (1.5%). This rate applies where the purchase is made by individuals or a Monaco SCI.

A higher rate of 7.5% registration duty applies if the acquisition is made by, say, a foreign company: on top of this will be the notarial fees of 1.5% making a total due of 9% provided certain conditions are met by the structure in question (eg the appointment of a fiscal representative who identifies the ultimate beneficial owners). This 7.5% duty will increase to 10% as regards transactions involving entities whose beneficial owners are not individuals or entities of which the individual beneficial owners are not disclosed, so that in total 11.5% will be due in these circumstances

In some cases (e.g. where the property is new or under construction) registration duty will not apply and rather the sale price will include value added tax (TVA) at the rate of 20%. Notarial fees and transcription duty amounting to a total of 2.5% will be due, payable by the Buyer, regardless of whether the Buyer is an individual or a corporation

Purchase of a foreign property - holding company:

Where the real estate is owned by a foreign company, the Buyer may possibly be able to buy this structure: in this case, registration duties of 4.5% on the property value will be levied on the change of beneficial ownership pursuant to the sale.

Agency commisssion

If an agent is involved in the purchase, the Buyer will have agent's commission of (generally) 3% (plus VAT at 20%) to pay.

Tax Implications:

Monaco levies no income taxes, capital gains taxes or wealth taxes on individuals. French nationals resident in Monaco nonetheless pay income tax and wealth tax in France in certain circumstances.

Monaco gift and estate duties exist but only on Monegasque-sited assets. The rate of such duties is 0% on dispositions to parents, a surviving spouse, child ren or remoter issue. On other dispositions, gift and estate duties are due at differing rates depending upon the degree of relationship between donor and done; the maximum rate of 16% applies in the case of dispositions to non-relatives. Duty is payable by the recipient.

Monegasque rules of succession:

Monegasque law will generally be paramount insofar as Monegasque real-estate succession matters are concerned. In principle, if you own the real property in your own name and regardless of your nationality or where you reside, on your death, title to the property will pass in accordance with Monegasque law, which reserves a major portion of your estate to you descendants (legitimate and illegitimate). Where you have no descendants, your ascendants will largely benefit.

It is also though now possible for an individual to choose his/her national law to govern his/her assets (including real estate) thus allowing the individual to dispose of his/ her assets free from any rules of reserved heirship.
In respect of valuable assets, Monaco will refer to the succession laws of your country or nationality.

Professional advice should be taken on the inheritance implications of your purchase in terms of the Monegasque rules of succession.

01 / Offer to purchase

This is a formal offer in writing, stating the price, the terms and how long the offer is valid for.

02 / Choice of a Notary (‘Notaire’)

Once the offer has been accepted by the seller, the parties appoint a Monaco Notary to handle the legal documents, either a single Notary or one for each party.

03 / Promesse de vente and payment of deposit

Once the buyer’s offer has been accepted the buyer and seller sign a preliminary contract called a ‘compromis de vente’.
The buyer must pay a deposit. The deposit(typically equal to 10% of the purchase price) is paid into the Notary’s escrow account.

04 / Land registry research by Notary

The purpose of these searches is to confirm ownership as well as any urban/environmental regulations that do (or may) affect the property.

05 / Completion

Signature takes place at the Notary’s office(although the buyer may execute by power of attorney). At this point, the balance of the purchase price, the registration duties and notary/real estate agent fees must be paid by transfer.

06 / Registration

The Notary registers the deed at the Monaco Land Registry

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