INC@RPORATIONS.IO



Spain - Civil Law (French)

★ Incorporate Now Consultation

Click request a call for a free, no obligation consultation. In a hurry? Click incorporate now, and startup your company immediately.

Incorporating a company in Spain

Far Horizon Capital Inc 10 Anson Road, Suite 26-04 International Plaza, Singapore

INC@RPORATIONS.IO

Spain taxes

If you want to set up a company in Spain, this article will educate you on the tax laws for a LLC (SL) which is the most common company structure in Spain.

Spain taxes resident companies on their worldwide income. Therefore, from our research, and these things do change, offshore income is subject to Income Tax. The country doesn't have major incentives to transfer in offshore income accrued abroad. Corporate Income Tax standard rate is 25% in Spain. This ranks Spain as 102th overall in terms of corp. taxation rate internationally.

The valued added tax rate in Spain is 21.00%, that ranks Spain as 155th overall with regards to value added tax rate worldwide. In terms of other taxation, an employer will contribute 29.90% to the equivalent of a social security fund and an employee will contribute 6.35%. The overall complexity of the tax system is medium. This is measured by average time to comply with a country's labor tax requirements is as it is 90 hours. Contributing to this is the number of yearly labor tax payments, which is 1 in ES.

Thin capitalisation mandates aren't in play. Thin capitalisation refers to any type of requirements on companies' debt-toasset ratios.

Dividends received are subject to Corporate Income Tax. However, a participation exemption may apply if parent company holds at least 5% of the payer shares for at least 1 year, and subsidiary is subject to CIT of at least 10%, or holding exceeds \notin 20m and is resident of a country where Spain has concluded a tax treaty with. Dividends are distributions of company earnings, passed by the board, to a class of its shareholders. Dividends can be either cash payments, shares of stock, or other property.

Capital Gains are treated as ordinary income and subject to Corporate Income Tax. However, Capital Gains may be taxexempt if the aforementioned participation exemption apply. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells sells a capital asset for a price that is higher than the purchase price.

The interest withholding tax rate is estimated at 19%. This means that the taxman expects LLC's to withhold 19% of payments abroad on interests, unless tax is reduced under a tax treaty or exempted under the EU interest directive. The dividends withholding tax rate is 19%. This means that the relevant tax authorities expects relevant legal entities to pay tax on at least 19% of dividends remitted abroad, unless the participation exemption applies or is tax-exempt under the EU parent-subsidary directive or tax is reduced under a tax treaty. The royalties withholding tax rate is 19%. This means that the relevant tax authorities expects under the EU parent-subsidary directive or tax is reduced under a tax treaty. The royalties withholding tax rate is 19%. This means that the relevant tax authorities expects LLC's to withhold 19% on royalty payments to non-residents, unless the EU royalties directive applies or tax is reduced under a tax treaty.

There is a tax on individual's net wealth in Spain. There are gift, inheritance, real estate and transfer taxes. We are aware of frequently implemented research and development breaks on taxation in ES.

The above is not tax or legal advice for your individual circumstances. We are able to point you to a lawyer in Spain who can answer all your questions. Contact us today. Click the free consultation button above or press Incorporate now if you are in a hurry.

The vat rate in Spain is 21% which ranks 155 in the world.

Patent box
🗹 RND credit
× Wealth tax
🗹 Estate tax
🗹 Transfer taxes

100 Tax treaties
25% Offshore Tax
25% Corp rate
Loss carryback years

ar Horizon Capital Inc .0 Anson Road, Suite 26-04 nternational Plaza, Singapore

INC@RPORATIONS.IO

Spain Legalese

When examining a jurisdiction in which to incorporate, the first thing to look at is the legal code. The underlying law in Spain is civil law (french) law. You will want to get some local advice as to how to best structure a company in Spain. One is permitted to electronically sign documents.

The letters ES is for Spain and the most common company type structure in Spain is a LLC.

When setting up, budget about 5 weeks to incorporate a LLC in ES. The types of currencies you can use to capitalize your legal entity is most commonly USD and Euro legal currency.

. One is typically not permitted to change the jurisdiction.

There must be at least 1 shareholder. This makes it possible for you to own a LLC in ES by yourself. Corporate Shareholders are allowed, meaning you could have a company as a shareholder. Foreign ownership is permitted, up to 100% of the total equity of the company.

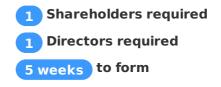
A LLC is only required to have 1 director on the board. Consequently, corporate directors are permitted. Directors should not expect to be private, as they are disclosed. There is a body of law which requires companies to hold an annual meetings of shareholders.

A registered agent is normally required, which means the company will have to pay a fee on a yearly basis, for an agent which can receive a service of process on behalf of the business. However, a company secretary is another cost you will need to incur.

There is a requirement to file accounts to relevant authorities. However, there is not typically a requirement to have these accounts audited.

Overall we think Spain is a ok option and have given it a score of 52 as an IO score, using the Incorporations.IO proprietary formula.

- **X** Directors not disclosed in a public registry
- **x** Shareholders not disclosed in a public registry
- × Redomiciliation permitted
- Registered office required
- Corporate director permitted
- Local Secretary not required
- Local Director not required
- Electronic signature



INC PORATIONS.IO



Spain - Civil Law (French)

★ Incorporate Now

Consultation

Click request a call for a free, no obligation consultation. In a hurry? Click incorporate now, and startup your company immediately.

Country Info



National Flag of

Regne d'Espanya (cat)

Espainiako Erresuma (eus)

Reino de España (glg)

Reialme d'Espanha (oci)

Reino de España (spa)

\$ Currency

EUR

📞 Area Code

+34

💆 Capital

Madrid

🖈 Region

Southern Europe

Native Languages

Catalan

Galician

Occitan

Spanish