

The advantages of Taxation in Spain

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Gutierrez Pujadas & Asociados

- Barcelona, Spain
- Founded in 1987
- International Area
- Tax, Economic and Financial
- Commercial Law, Civil Law, Criminal Law, Bankruptcy
- Advising companies, self-employers and employees

Economists - Social Degrees - Graduate in Business Administration (ADE) -
Tax advisors - Labor advisors – Lawyers - Insurance intermediaries

General overview

- Scheme of Taxation in Spain
- Comparative advantages
 - ETVE (Empresa de Tenencias de Valores Extranjeros) / Spanish Holding Company
 - Convenios de Doble Imposición Internacional / Double Taxation Treaties
 - CDI hispano - holandés / OECD Spain – the Netherlands

Taxation in Spain

- Territorial
 - National government
 - Regional governments
 - Local governments
- Type of Taxation:
 - Direct Tax: associated with concrete facts
 - Personal Income Tax
 - Income Tax for Non-Residents
 - Corporate Income Tax
 - Inheritance Tax
 - Capital Gains Tax
 - Indirect Tax: associated with consumption
 - Value-added Tax
 - Tax on Capital Transfers and Declarations or Transactions documented and registered under seal
 - Excise Tax (alcohol, fuel, tobacco, vehicles, electricity)

Advantages of Taxation in Spain

- ETVE
 - Spanish Holding Company
- Convenios de Doble Imposición Internacional
 - Double Taxation Treaties

ETVE

- Regular Spanish company subject to a 30% tax on its income, but
- exempt from taxation on qualified foreign-source dividends and capital gains.
- Protected by the EU Parent-Subsidiary Directive and the Merger Directive

Regulation: The ETVE tax regime is regulated by Law 27/2014, of November 27th, amending the text of the new Corporate Income Tax Law approved, in Articles 107 and 108.

ETVE - Requirements

The company ETVE should achieve the following requirements:

- It may be a Corporation or a Limited Company
- It must have a minimum assets and personnel structure
- It must have residence in Spain

The investment by the ETVE must achieve the following requirements:

- To be higher than 5% or than €20.000.000.-
- To be maintained for a minimum of a year
- Activity requirement
- Subject to tax requirement

ETVE – Incompatible

- Main purpose of taking advantage of the participation exemption regime
- Spanish or European economic interest association (Agrupaciones de Interés Económico/AIE's)
- Temporary Business Associations (Uniones Temporales de Empresas / UTE's)

ETVE – Corporate Purpose

“The management and administration of shareholdings in non-resident entities using the appropriate organization of material and personal resources”

ETVE – Ministry of Finance

Formal authorization is not needed, but communication is a formal requirement.

ETVE – Main Tax Benefits

- No Corporate Income Tax on Dividend Income received
- No Capital Gains Tax on the Sale of Shares
- No Withholding Taxes on Outgoing Dividends
- Withholding Taxes on Incoming Dividends

The advantage of this special tax regime is to exempt income in Spain from: (a) taxation on qualified foreign-source dividends and (b) capital gains from the sale of shares.

Convenios de Doble Imposición Internacional

Double Taxation Treaties

Spain has Tax Treaties with the most important countries in the world (more than 70 Tax Treaties) including almost all the Latin American countries, namely: Argentina, Bolivia, Brazil, Cuba, Chile, Colombia, Ecuador, Panama, Dominican Republic, El Salvador, Mexico, Uruguay and Venezuela.

OECD MC

Organization for Economic Co-operation and Development (“OECD”)
Model Convention

Tax Treaty Spain – the Netherlands

- No anti-abuse clause
- Artists and athletes

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Thank you