Doing Business in Spain
Preface

This guide has been prepared by Baker Tilly España, an independent member of Baker Tilly International. It is designed to provide information on a number of subjects important to those considering investing or doing business in Spain.

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Doing Business in Spain has been designed for the information of readers. Whilst every effort has been made to ensure accuracy, information contained in this guide may not be comprehensive and recipients should not act upon it without seeking professional advice. Facts and figures as presented are correct at the time of writing.

Upto-date advice and general assistance on Spanish matters can be obtained from Baker Tilly España, contact details can be found at the end of this guide.

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1 Fact Sheet

Geography
Location: Southern Europe
Area: 505,370km²
Land boundaries: Andorra, France, Gibraltar, Portugal, Morocco (Ceuta and Melilla)
Coastline: Mediterranean Sea, North Atlantic Ocean and Bay of Biscay
Climate: Temperate: clear, hot summers in interior, more moderate and cloudy along coast; cloudy, cold winters in interior, partly cloudy and cool along coast
Terrain: Large, flat to dissected plateau surrounded by rugged hills; Pyrenees Mountains in north
Time zone: GMT +1

People
Population: 46.7m (2012); the population is concentrated in the capital city Madrid (5.8m) and in Barcelona (5.1m)
Ethnic groups: Mediterranean and Nordic
Religion: Catholic 94%, other 6%
Language: Castilian Spanish (official language) 74%, Catalan 17%, Galician 7%, Basque 2%

Government
Country name: Kingdom of Spain
Government type: Parliamentary monarchy
Capital: Madrid
Administrative divisions: The Kingdom of Spain consists of 17 autonomous communities, and the two autonomous cities of Ceuta and Melilla situated along the Moroccan coast
Political situation

Spain is a parliamentary monarchy. The monarch is a constitutional Head of State, and holds no executive role. The government is headed by the President who is elected by the National Assembly, which in turn is elected by direct popular vote.

Economy

GDP – real growth rate: –1.4% (2012)
Unemployment: 25.98% (Q3 2013)
Currency (code): Euro (€)
2 Business Entities and Accounting

2.1 Companies

There are several types of Spanish companies. It is not a mandatory requirement that foreigners doing business in Spain establish a company, and foreign enterprises can operate in Spain utilising a branch structure (see 2.4).

2.1.1 Sociedad Anónima (SA)

An SA is a public corporation in which the shareholders’ liability is limited to the amount of their capital contribution. An SA must be incorporated in the form of a notarial deed and must have a capital of at least €60,000. At least 25% of the par value of the subscribed shares must be paid in.

Contributions to capital may be made in cash or in kind. All outstanding non-cash contributions must be fully paid in within five years.

The management of an SA may be vested in one director, in several directors acting individually, in two directors acting jointly and severally, or in a board of directors acting jointly. If a board of directors is established, it must have at least three.

2.1.2 Sociedad de Responsabilidad Limitada (SRL)

The minimum share capital requirement for an SRL is €3,000. The capital is divided into quotas or shares of stock that carry no voting rights provided that their global par (nominal) value is less than 50% of total share capital. The capital must be represented by units of stock which are non-negotiable and cannot be issued in the form of share certificates. Upon incorporation, all the units of stock comprising the company’s capital must be fully subscribed and paid in.

SRLs may generally adopt the same management structures as SAs (see 2.1.1 above), except the maximum number of directors allowed is 12.
2.1.3 Sociedad Limitada de Nueva Empresa (SLNE)

The SLNE is a limited liability company and, compared to the SRL, has simplified requirements for incorporation. The minimum share capital requirement is €3,000 and the share capital cannot exceed €120,000. Shareholders must be individuals. The SLNE's activities are limited to certain sectors, including tourism, agriculture, fishing, forestry, transportation and communications.

2.2 Partnerships

A partnership is generally formed by two or more persons or entities to undertake business as co-owners. It is not a separate legal entity and the partners are jointly and severally liable to an unlimited extent for the actions of the partnership and the other partners.

A limited partnership must have at least one general (no limited liability) partner. Limited liability partners cannot be involved in the management of the business. Limited partnerships are treated as companies for taxation purposes.

2.3 Sole Proprietorship

A sole proprietorship arises when an individual undertakes a business in their own right. The individual is personally liable for the actions/debts of the business.

2.4 Branches

When a foreign company carries on business in Spain, the operations are known as a “branch”. The branch is regarded as a permanent establishment which must keep its own books and records.

Because a branch has no legal personality separate from the head office, the head office is liable for the debts of the branch.
2.5 Joint Ventures

There are three legal forms for implementing a joint venture in Spain:

- Temporary business association (unión temporal de empresas or UTE)
- Economic interest grouping (agrupación de interés económico or EIG) or European EIG (EEIG), and
- A partnership agreement known as a contrato de cuentas en participación.

UTEs are a form of temporary business association set up for a specified or unspecified period of time with the intention of carrying out a specific project or service.

EIGs and EEIGs are non-profit legal entities created for the sole purpose of helping their profit-making members achieve their objectives. They may neither act on behalf of their members nor act in place of the members in their business operations. Business enterprises commonly use this form of entity to provide centralised services for a group of companies, such as purchasing, sales, data processing or administrative services.

The contrato de cuentas en participación is a type of unincorporated partnership in which one or more entrepreneurs (non-managing participants) contribute in cash or in kind to a project or venture that is managed by another entrepreneur (managing participant). In consideration, the non-managing participants receive the right to an agreed share of the profit or loss resulting from the project.

2.6 Audit and Accounting Requirements

The generally accepted accounting principles (GAAP) in Spain were adapted to meet International Financial Reporting Standards (IFRS) in 2008.

All companies are required to prepare, and have audited, an annual financial report (including comparatives) that presents a true and fair view of the company’s state of affairs, profit or loss, and cash flow. Financial reports must comply with the Spanish accounting standards.

Consolidated financial statements of companies that trade securities in regulated markets must be prepared using IFRS, under the provisions of the EU International Accounting Standards (IAS) Regulation. For other companies, consolidated financial reports can be prepared using either IFRS or GAAP.

When preparing standalone financial statements, GAAP must be applied, although this is largely based on IFRS.

Formulation of accounts must be carried out by the company directors within a three-month period after the end of the fiscal year. Most SAs are required to be audited by a registered auditor.
2.7 Filing Requirements

The audited annual financial report must generally be filed with the balance sheet, profit and loss account and cash flow situation. If the financial statements are audited, a statement of changes in equity, notes to the financial statements and the management report must also be included with the financial report.

Abbreviated accounts may be filed if for two consecutive years the following conditions have been met:

- Total assets are less than €2,850,000
- Annual turnover is less than €5,700,000, and
- The number of employees is fewer than 50.

Companies must file tax returns by reference to their financial year, which need not correspond with the calendar year. Returns must be filed within 25 days of the approval of the accounts, which in turn must occur within six months of the financial year end.
3 Finance and Investment

3.1 Exchange Control

There are no exchange control restrictions in Spain. Spanish foreign investment laws guarantee the freedom to repatriate invested capital plus any capital gain realised on the disposal of a foreign investment. The law also guarantees the right to remit profits and dividends. These rights can be exercised without limitation. However, payments remitted to or received from abroad must be made through a bank, and residents are required to provide details of such payments.

Spanish companies or branches are freely allowed to open and use foreign currency bank accounts in Spain without being subject to any information requirement. Equally, they may, subject to certain disclosure requirements, freely open and maintain bank accounts abroad, either in Euro or in foreign currency.

Loans and financing granted by a non-resident to a Spanish resident for €3m or more, and commercial credits granted by a non-resident to a Spanish resident for €600,000 or more, must be declared to the Bank of Spain (Banco de España). Additionally, the monetary authorities are entitled to request any information they require on transactions of this nature.

Cash currency exports or imports of €10,000 or more per person per journey require prior verification by the authorities. Movements in cash, domestic bank notes or bank notes in any other currency intended as a means of payment, whether made physically or electronically, must be declared if they amount to €100,000 or more.

Certain foreign investments in specific fields of activity require prior authorisation (eg gaming, television, radio, air transport and national defence). In general, foreign investments in Spain, including any return on these investments and the results of their liquidation, are free from exchange controls. Nevertheless, they must be reported to the authorities. The authorities require an advance notice when the foreign investment is made from a country or territory qualifying as a tax haven.
3.2 Banking and Sources of Finance

The Spanish National Bank (Banco de España) is responsible for implementing the Eurosystem’s monetary policy, the stability of the financial system and payments system regulation. The prudential regulation of banks, insurance companies, superannuation (pension) funds, credit unions, friendly societies and building societies are also the responsibility of the National Bank.

The commercial banks operating in Spain provide the majority of short and medium-term loans/financing. Spanish banks are free to participate in virtually all forms of financial services. There is also a wide range of merchant banks operating in Spain, many of which are associated with some of the world’s largest financial institutions.

3.3 Investment Incentives and Restrictions

The government offers a number of incentives to companies. In addition, European Aid is available to certain businesses within Spain. The current areas specifically targeted by government incentives are in new job creation and research, development and technological innovation.

There are various tax incentives available; see 5.7.2 – 5.7.6.

3.4 Research and Development (R&D)

The government provides incentives for businesses to undertake R&D activities by providing a variety of subsidies, advances and loans through credit institutions at preferential rates.

Tax incentives are also available; see 5.7.1.

3.5 Tariffs

Spain is an EU member state. Consequently, through the EU’s membership with the World Trade Organization (WTO), it has undertaken not to raise tariffs above levels agreed to in trade discussions.

Additionally, the EU has developed an extensive network of bilateral free trade agreements.
4 Employment Regulations

For employment tax considerations, see 5.3.

4.1 General Employment Matters

4.1.1 Employment law and contract

The Workers Statute provides minimum terms and conditions of employment in Spain. There is no legal requirement to provide a written contract of employment, except for a temporary contract lasting for more than four weeks. In the absence of a written contract, written particulars of employment must be given to the employee, which should include the following information:

- Place of work
- Job title or nature of work
- The employment start date
- The expected duration of the contract if it is temporary
- Rate or calculation method of pay
- Hours of work
- Details of paid leave
- The collective bargaining agreement (CBA), where relevant.

The contract can include a probationary period.

There is a national minimum wage that applies to all employees. The statutory working schedule is a maximum of nine hours in a working day, up to 40 hours in a working week. Employees are entitled to 30 calendar days’ paid annual holiday per year, not including public holidays.

These work conditions can be revised in a CBA on condition this can be justified on grounds of competitiveness, productivity, or for technical or organisational purposes.
4.1.2 Employee representation

While employees generally have the right to join a trade union, apart from CBAs, employee representation in Spain is mainly through works councils that may have union involvement. The right to organise a works council and the number of representatives allowed on the council depends on the number of employees. The maximum number allowed in large firms is 75.

Employers are required to inform and consult with work council representatives regarding key developments in the business, including:

- Transfers of ownership
- Economic performance and financial matters
- Employment of new staff and their contracts
- Changes to the workforce through restructuring (including large-scale redundancies), and
- Changes to working conditions.

4.2 Visas

Some non-EU citizens seeking to enter Spain must obtain a visa prior to entry. The majority of these require a visa only if their stay will exceed 90 days. The person must apply for the visa through a Spanish consulate in their country of residence.

Persons looking to establish, manage, or invest in a business within Spain should apply for an investment visa.

From 29 September 2013, a residency visa is available to non-EU individuals purchasing Spanish real estate costing €500,000 or more.

There are a number of other visa types available. For further information visit http://www.investinspain.org
5 Taxation

5.1 Corporate Income Taxes

Spanish resident businesses are subject to taxation on their worldwide taxable income. Non-resident businesses are subject to tax on their Spanish source taxable income only.

A company is considered Spanish tax resident if it is either:

- Incorporated in Spain, or
- Carries on business in Spain and has either its central management or registered office there.

Any company located in a country or territory listed by the Spanish authorities as a tax haven is considered a resident of Spain at any time that it has rights that are fulfilled in Spain, or during any period when its main activity is carried on in Spain or its main assets (whether held directly or indirectly) are located in Spain. However, a company may prove that its principal place of business is effectively outside Spain and that it was incorporated for valid business purposes other than the simple management of securities or other assets.

The countries and territories qualifying as tax havens are listed in Royal Decree 1080/1991, 5 July 1991.

The general tax rate applicable to resident companies and permanent establishments of non-resident companies is 30%.

A reduced tax rate of 25% applies to small enterprises with a net annual profit not exceeding €300,000. Profit above this sum is taxed at the general rate. To qualify, companies (including group companies) must have shown a turnover of less than €10m in the previous tax year. The reduced rate is available for a further three years to companies which previously held small enterprise status and have now exceeded the €10m turnover threshold.

For the 2011, 2012 and 2013 tax years, micro-enterprises (including group companies) with annual turnover of less than €5m and fewer than 25 staff are taxed at a rate of 20% on the first €300,000 of profit and 25% on the balance.

New companies established from 1 January 2013 benefit from the following reduced tax rates for the first year in which the company makes a profit:

- 15% on taxable income up to €300,000, and
- 20% on taxable income exceeding €300,000.

Taxable income must generally include any capital gains. Capital losses can be used to reduce any current year capital gains.
Tax losses can be carried forward up to 18 years, but may not be carried back. Companies with turnover of at least €20m are limited on the losses which they can offset against income. For 2012 and 2013, the limit is 50% of taxable income for companies with turnover of at least €20m but less than €60m, and 25% of taxable income for companies with turnover of at least €60m. A change in company ownership will not generally interfere with a loss carry-forward.

Corporate groups can lodge a consolidated tax return including all subsidiaries that are at least 75% owned. All transactions within a consolidated group are ignored for income tax purposes.

The tax year ends on 31 December. Tax returns are generally due for filing by 25 July following the tax year (ie for tax year 2013, by 25 July 2014). However, companies can apply to use a different accounting period, which means tax return filing date will correspond with the end of their fiscal year (ie the return is due for filing within 25 days of the approval of the accounts, which in turn must occur within six months of the financial year end).

Corporate income tax is payable in advance on 20 April, 20 October and 20 December. The amount to be paid is computed by applying a rate to the tax liability before applying overpayments from the prior year’s return. The rate is approved annually, and has been 18% since 2010.

A compulsory alternative procedure for computing advance payments applies to companies whose yearly turnover exceeds €6,010,121.04 (although other companies can apply to use this procedure by February of each year). The applicable rate for the alternative procedure is also determined annually in the Finance Law, and ranges from 21% for turnover up to €10m to 29% for turnover exceeding €60m.

### 5.2 Personal Taxes

Spanish resident individuals are subject to tax on their worldwide taxable income. Non-resident individuals are subject to tax on their Spanish source taxable income only.

The rates and tax brackets for 2013 (ie tax returns due for filing in 2014), including a supplementary tax of between 0.75% and 7%, are as follows:

<table>
<thead>
<tr>
<th>Taxable Income</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>€1 – €17,707.19</td>
<td>24.75%</td>
</tr>
<tr>
<td>€17,707.20 – €33,007.19</td>
<td>30%</td>
</tr>
<tr>
<td>€33,007.20 – €53,407.19</td>
<td>40%</td>
</tr>
<tr>
<td>€53,407.20 – €120,000.19</td>
<td>47%</td>
</tr>
<tr>
<td>€120,000.20 – €175,000.19</td>
<td>49%</td>
</tr>
<tr>
<td>€175,000.20 – €300,000.20</td>
<td>51%</td>
</tr>
<tr>
<td>above €300,000.20</td>
<td>52%</td>
</tr>
</tbody>
</table>
These tax rates represent a combination of national and provincial taxes (ie taxes levied by Autonomous Communities). Some regions have higher tax rates, which means that the maximum tax rate is higher. For example, the maximum tax rate is 55% for Andalucia, and 56% for Catalonia.

For savings income (which includes passive income such as interest, dividends and capital gains), the following rates, including a supplementary charge of between 2% and 6%, apply for the 2013 tax year:

<table>
<thead>
<tr>
<th>Savings Net Tax Base</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>€0 – €6,000</td>
<td>21%</td>
</tr>
<tr>
<td>€6,001 – €24,000</td>
<td>25%</td>
</tr>
<tr>
<td>above €24,000</td>
<td>27%</td>
</tr>
</tbody>
</table>

However, the first €1,500 is exempt on savings income arising from stocks and shares owned for at least two months.

For non-residents, the rate is 21%.

Capital gains realised from assets sold within one year of ownership are taxed as for ordinary income. Gains realised from the sale of a taxpayer’s main private residence are exempt; however, this applies to Spanish residents only, which has been challenged by the European Court of Justice as discriminating against non-residents. Gains realised on certain shares purchased in newly or recently established companies are also exempt.

Capital losses can be used to reduce any current year capital gains. Capital losses cannot be offset against income and vice versa.

No deductions are permitted for employment income obtained by non-residents without a permanent establishment (PE) in Spain, other than certain charitable donations recognised by statute. Withholding tax paid on a taxable event is deducted from the overall tax liability.

Gift and inheritance tax rates may vary between Autonomous Communities and are based on the degree of family relationship between the beneficiary and benefactor. Under national legislation, rates (after reductions) are on a sliding scale ranging from 7.65% to 34%, depending on the value of the gift/estate received by the beneficiary.

A wealth tax, which had been abolished in 2008, has initially been reintroduced for 2011, 2012 and 2013 only. For residents, the tax applies to worldwide assets; for non-residents it applies to Spanish assets. The first €700,000 of assets are excluded; after that, rates of between 0.2% and 2.5% apply through eight bands.

Income taxation, including both the wealth tax and regular income tax, is capped at 60% of taxable income. The Autonomous Communities have the legal authority to vary the applicable rate and accordingly the wealth tax will not necessarily apply uniformly in all regions of Spain.
5.3 Employment Related Costs and Taxes

5.3.1 Social security costs
Employers and employees are required to make social security contributions of around 31% and 6.35%, respectively, on maximum monthly salary of up to €3,425.70.

5.3.2 Fringe benefits
Resident and non-resident employees are liable to tax on fringe benefits earned through their employment. The market value of the fringe benefit is added to the employee’s salary; the tax is then withheld at source by the employer as payroll tax.

5.3.3 Pensions and superannuation
Employers’ compulsory contributions are considered fringe benefits enjoyed by employees and are subject to income tax. Employers’ contributions are not deductible from the employers’ taxable income.

Employees’ compulsory contributions to pension plans are deductible up to certain limits: €10,000 for employees under 50 years old, and €12,500 for employees 50 years or older.

5.4 Withholding tax

5.4.1 Domestic payments
Dividend and interest payments are generally subject to a 21% withholding tax. For royalty payments, the rates are 24% in the case of licensing of rights of publicity, and 18% for other royalties.

There is no withholding tax on dividends paid to a company that has a share equal to or above 5% or the paying company’s capital, where this share has been held over the previous year.

5.4.2 Payments abroad
Dividend and interest payments made abroad are generally subject to a 21% withholding tax. Royalty payments are taxed at 24.75%.

Dividend and royalty payments made to connected corporate recipients within the EU are generally exempt.

For payments made to recipients in countries with which Spain has a double tax treaty, the rates of withholding tax may be reduced under the terms of the treaty.
5.5 Value Added Tax (VAT)

VAT is levied on the supply of goods and services in Spain and on the importation of goods and services into Spain.

Trading entities which are required to be registered for VAT must generally charge their customers VAT of 21% on the value of their supplies. VAT registration is mandatory for all enterprises supplying goods and services in Spain.

Some supplies are taxable at reduced rates. For example, most food, agricultural and farming products, medical products and tools, prescription spectacles, sales of new houses, transportation, hotel services and services provided by artists and actors are subject to VAT of 10%. A 4% rate applies to staple foods, books, newspapers, magazines, medicines and care services provided by companies to care homes.

Registered traders can generally recover the VAT with which they themselves are charged on their purchases of goods and services, although there are exceptions.

5.6 Other Taxes

5.6.1 Stamp duty

Stamp duty is an indirect tax levied on:

- The transfer of assets between private individuals
- Certain corporate transactions, and
- Declarations or transactions documented and registered under seal.

Corporate transactions are taxed at 1.5% of, among others, a company’s capital stock transactions.

The following corporate transactions are exempt from stamp duty: incorporation, capital increase, other contributions made by shareholders, and change of registered offices to Spanish territories.

5.6.2 Property taxes

A property transfer tax ranging from 6% to 10% applies to the sale of shares in property holding companies, and in situations where the VAT does not apply.

Non-resident companies usually pay a 3% tax on the cadastral value of property purchased in Spain.

Some municipalities levy a local annual tax on the assessed value of property.
5.6.3 Environmental taxes

There are a number of environmental taxes including for nuclear fuel and radioactive waste, the sale of electricity, petrol, gas and hydroelectricity.

5.6.4 Excise taxes

Excise taxes are levied on selected products. The tax is collected by the manufacturer or importer and falls on the final consumer. Special manufacturing excise taxes levied on the consumption of hydrocarbons, alcohol, alcoholic beverages and tobacco production are compulsorily stipulated at the EU level and have gradually been brought into line. As in other EU member states, there is a special excise tax chargeable on vehicle registration.

5.7 Tax Credits and Incentives for Businesses

5.7.1 Research and development (R&D) expenditure

Free depreciation can be applied to R&D expenses recorded as intangible fixed assets, and for new fixed assets and buildings acquired between 2011 and 2015 and used for R&D activities. Generally, the depreciation rate for buildings used for R&D is limited to 10% annually.

Unused R&D tax deductions can be carried forward for 18 years (see 5.7.2).

5.7.2 Tax credits

Performing certain activities gives companies the right to subtract from their tax liability a tax credit calculated by applying a rate to the cost or expenses incurred.

Generally, the total amount of tax incentives which may be deducted against the annual corporate tax liability is limited to a percentage of the tax liability. This means that there may still be a charge for tax even if substantial tax credits are unused. Unused tax deductions can be carried forward for 15 years. Unused R&D tax deductions can be carried forward for 18 years.
The taxable liability limitation percentages applicable for 2013 are:

<table>
<thead>
<tr>
<th>Type of Cost or Expense</th>
<th>Tax Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets to protect the environment</td>
<td>8%</td>
</tr>
<tr>
<td>R&amp;D expenses</td>
<td>25%</td>
</tr>
<tr>
<td>Technological innovation</td>
<td>12%</td>
</tr>
<tr>
<td>Cultural heritage</td>
<td>2%</td>
</tr>
<tr>
<td>Films</td>
<td>18%</td>
</tr>
<tr>
<td>Book publishing</td>
<td>1%</td>
</tr>
<tr>
<td>Employee training expenses</td>
<td>1%</td>
</tr>
</tbody>
</table>

Taxpayers applying investment tax deductions cannot reduce their tax base by more than 25% for 2013. For companies incurring R&D expenses exceeding 10% of the tax base, the deduction limit is 50% for 2013.

5.7.3 Reinvestment credits

A reinvestment credit applies when capital gains are realised on the sale of tangible and intangible fixed assets and shares in a company and the proceeds are reinvested in the same type of assets as the ones sold. The transfer of certain securities does not qualify for relief on reinvestment.

It is not necessary for a taxpayer to reinvest in an asset of the same nature as that sold in order to qualify for reinvestment relief.

Reinvestment is not valid when the sale transaction takes place between companies belonging to the same group, or when an item is purchased from another company in the same group, except in the case of tangible fixed assets or new realty investments.

In general, reinvestments must take place within one year prior to the date on which the asset becomes available for transfer and the three years following, although in exceptional circumstances authority to reinvest with reinvestment relief may be requested through the normal channels provided by law.

The base for relief is the taxable income obtained from the transfer of any assets. As a general rule, the credit is 12% when the company is taxed at the standard rate (30%) or according to the scale applicable to small enterprises.
5.7.4 Tax relief on intellectual property

A 50% relief may be claimed on any income derived from the assignment of use or exploitation of certain intangible assets created by a company. There is a limit on the amount of relief. The assets in question must be among those expressly stipulated in the rule, eg patents, drawings, plans and others. Exploitation of marks, literary, artistic or scientific works, cinematographic films and others are excluded.

5.7.5 Regional incentives

Enterprises that are resident and/or have their business in the Canary Islands have special tax advantages:

- A 50% reduction in corporate income tax payable on profits realised on the export of goods manufactured in the Canary Islands
- Up to 90% reduction in the taxable base of undistributed profits, on condition such profits are reinvested in the Canary Islands within three years
- Reduced taxes for companies setting up in the Canary Islands Special Economic Zone.

There is also a 50% relief on tax liability for income generated in Ceuta and Melilla.

5.7.6 Social security exemptions

From 23 February 2013, employers are entitled to an exemption from social security contributions in respect of new employees who:

- Are under the age of 30
- Have been enrolled at the Spanish unemployment office for an uninterrupted period of 12 months during the 18-month period prior to employment
- Have no previous work experience or have work experience not exceeding three months in duration
- Receive training from the employing company, and
- Are employed on a part-time basis (up to 50% of full-time hours).

The exemption rate is 75% for companies with at least 250 employees, and 100% for all other companies. The exemption can be applied for a period of one year. This can be extended for a further year if the employee is continuing to be trained or where training was completed within the previous six months.
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