

DOING BUSSINES IN SPAIN

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A BRIEF INTRODUCTION

▪ **Where are we?**

Spain is in the South West of Europe and, together with Portugal, is the door of entry Europe from the Atlantic Ocean and the main entrance through to the Mediterranean Sea. In addition to the territory of the Iberian Peninsula, the Balearic and the Canary Islands and the cities of Ceuta and Melilla also belong to Spain. Madrid is the capital and the most important cities are Barcelona, Bilbao, Valencia and Sevilla.

▪ **How are we organised?**

The Spanish State is organized as a parliamentary monarchy:

	ORGANISM		TASK
Head of State	The King		Representing the State
Central State	Parliament	House of Representatives	Legislation
		Senate	
	Government	President	-Internal & external affairs - Administration - Defence
		Ministers	
Autonomous Regions (17) + Autonomous Cities (Ceuta & Melilla) (*)	Autonomous Parliament		-Legislation and management on matters transferred by Central State (public health services, certain taxes ...) -Development of their own Law. -Organisation of self-governing institutions. -Economic development.
	Autonomous Government	Autonomous President	
		Councillors	
Municipalities	Local Government	Mayor	Management of city affairs
		City Council	

(*) Autonomous Communities bring together territories with similar historical and cultural characteristics. Some of these common items are language and Law.

As for the first, Spanish is the official language all over the country and Catalan, Basque and Galician are also official languages in their respective Autonomous Communities.

Related to Law, there are some Autonomous Communities, such as Catalonia, The Basque Country or Galicia, that since former times have developed their own Law (Autonomic Law), that is applicable in these territories and sometimes defer from the Central State Law (Common Law).

For its strategic geographical position, for its political stability and for its quality of life, investing in Spain is worth it. We are going to tell here you how to go about it.

MAIN FORMS OF BUSINESS

1.- FORMATION OF COMPANIES

▪ Public Limited Company versus Limited Liability Company

Spain became a member of the European Union (EU) in 1986. This means that EU law takes precedence over Spanish internal law, although Spain was granted a phase-in period in which to adopt certain EU regulations, which is now practically complete. In the area of corporation law, Spanish law has been amended extensively during the last years to bring it into time with applicable EU Directives. Therefore, Spanish Law in this area is similar to that which exists in the other EU countries.

Traditionally, while the LLC was restricted to small businesses, the PLC was the most common form of company, used for investments in mayor projects. However, since the Law 2/1995 of March 23rd, the L.L.C. has become the most popular form for business, because permits greater flexibility.

The S.A. resembles the English limited company and a standard U.S. corporation.

In general, the main characteristics and differences between these two forms of Companies with a share capital are:

	S.A. (P.L.C.)	S.L. (L.L.C.)
Capital	Minimum 60.101,21 €	Minimum 3.005,06 €
Subscription and payment	Shares fully subscribed and at least 25% paid	Participations fully subscribed and paid
Shares/participations	Shares: bearer or registered. Fully negotiable. Non-voting shares allowed.	Participations (registered): non-negotiable instruments. Non-voting shares not allowed
Shareholders' liability	Limited to the nominal value of the issued shares	Limited to the nominal value of the issued shares
Contributions to capital	Monetary or non-monetary, but non-monetary contributions require an expert appraisal.	Monetary or non-monetary. The expert appraisal is not necessary.
Number of members	Unrestricted	Unrestricted.
Sole shareholder (individual or entity, nationality or residence unimportant)	Permitted. Obligation to declare it (if not, unlimited liability for the corporate debts)	Permitted. Obligation to declare it (if not, unlimited liability for the corporate debts)
Share transfers to a 3rd party	Unrestricted, unless the by-laws provide otherwise	Restricted by Law (right of 1 st refusal).

Financing possibilities	All types of financing activities permitted (issue of bonds, public offerings of shares and inter-company loans or guarantees)	Not possible to issue bonds or participations in public offerings. Loans or guarantees to members and company administrators restricted
Administration	1 or more administrators (on a individual or joint basis) or a Board of Directors. Maximum 5 years.	1 or more administrators (on a individual or joint basis) or a Board of Directors (maximum 12 members). Possibility of indefinite term
Administrators	Not necessary to be shareholder or Spanish	Not necessary to be shareholder or Spanish
Intervention of appraisers and auditors	Required for all non-monetary contributions, increases of capital due to the forgiveness of debts, etc.	Not generally required

▪ **Procedure for the establishment of a company:**

- Certificate of the social name, issued by the Central Commercial Register (or Company House)
- Notarised public constitution deed
- Report of the foreign investment to the General Directorate for Commerce and Investment
- Obtaining the fiscal identification number (NIF)
- Payment of the ITP ("constitution tax"): 1% of the share capital
- Inscription in the Commercial Register (public register).

▪ **Legal and accounting requirements:**

- All companies have to be inscribed in a public register: the Commercial Register.
- All the changes in the by-laws must be issued in a public deed, declared to the Administration, paid the 1% ITP –if it's the case- and inscribed in the Commercial Register.
- The accounting records have to be "legalised" in the Commercial Register within a four month period from the end of the financial year. Accounting records and supporting documentation must be retained for a period of 6 years from the date of the last entry in them.
- The Annual accounts –including a balance sheet, profit and loss account and memorandum- together with the directors' report must be deposited annually in the Commercial Register.

▪ **Audit requirements for the annual accounts:**

Accounts of the following enterprises are subject to audit, whatever their legal form:

- Those listed on any of the official stock exchanges
- Those that issue debentures or loan stock to the public
- Those that act as financial intermediaries
- Those whose business includes any sort of insurance
- Those receiving subsidies, assistance or which carry out works, provide services or supply goods to the State and other public entities

Annual accounts and management reports of enterprises, including partnerships, have to be reviewed by auditors, except those companies that for two consecutive years the accounts comply with at least two of the following criteria:

1. Total assets not exceeding 2,373,997.81 € at the balance sheet date.
2. Annual turnover less than 4,747,995.62 €
3. Average number of workers employed during the financial year not exceeding 50.

▪ **Taxation:**

The taxes that may affect a Company are the following:

a) Estate taxes:

a.1) Corporation tax (IS)

The tax is payable by entities resident in Spain. It is considered to be a company resident in Spain if it fulfils any of the following conditions:

- To be established in accordance with Spanish Law
- To have its registered office in Spanish territory
- To have the management and head-office located in Spain

Resident entities are liable to tax on the total income and capital gains made irrespective of the place where they were obtained and of the taxpayer's residence.

Taxable profit for a tax period, which is the same as the financial year of a company, is the accounting profit or loss adjusted by the application of tax rules and reduced by the deduction of losses brought forward from previous periods. The normal tax rate is 35%

The taxable profits of "small" companies are taxed at 30% on profits up to 120.202,41 €; profits in excess of this amount are taxed at 35%. "Small" is defined as having net annual sales of less than 8 million euros.

If losses are made they can be carried forward to the 15 years following the period in which the losses arose; the company can decide how much of the

losses it uses in any given period. For new companies the period of 15 years in which to use losses starts from the first period in which it makes a profit.

a.2) Value added tax (VAT)

Value added tax (VAT) is a tax on consumption in general which applies to the following:

- The supply of goods and services
- Imports
- Acquisition of goods from other EU members

The standard rate is 16%

Reduced rate: 7%	Super-reduced rate: 4%
Supply of certain goods and services, e.g.: <ul style="list-style-type: none"> - Certain foodstuffs, except alcohol and tobacco - Water - Spectacles with graduated lens and medical material - Housing in general - Medical and dental attendance 	Amongst other things, to the following products: <ul style="list-style-type: none"> - Bread, cereals, milk, cheese, eggs - Medicines and other pharmaceutical products - Books, newspapers and magazines

a.3) Customs duties

Standard customs duties are generally payable when goods are cleared by customs. With very few exceptions, the duties are “ad valorem”, i.e. calculated on the CIF value or on a similar invoice value.

As a result of Spain joining the EU, from 1st January 1986, a programme of gradual decreases of the customs duties between Spain and the EU was established, resulting in their elimination on 1st January 1993. From this date, transactions between EU members are not treated as taxable. What before 1993 were imports are now “intra-EU acquisitions of goods”, which are subjected to VAT when the goods are owned by the purchaser in the EU state of destination.

b) Autonomous taxes:

b.1) Tax on asset transfers and legal documents (ITP)

This tax applies to “inter vivos” transfers of all classes of goods and rights, and the granting of rights and concessions as well as company transactions: the setting up of companies, increases and decreases of share capital, mergers, divisions and liquidations of companies.

Company transactions are taxed at the rate of 1%.

In general, this tax does not apply when VAT is payable.

c) Local taxes:

c.1) Tax on economic activities (IAE)

This arises from the exercise of a business, professional or artistic activity. It also accrues on an annual basis. This tax is not applicable during the first two years of the trade or if the turnover of the individuals or companies does not exceed 1,000,000.00 euros.

2.- BRANCHES

▪ Main Characters:

A Branch is an organisation depending on its Head Office based abroad and:

- It is not a legal entity of its own because it does not have legal personality.
- It is submitted to the main company in economical and legal matters:
 - The Head Office must provide the Branch with enough funds to carry out its activity (Spanish law does not require a minimum amount).
 - The Branch has also to develop, wholly or partially, the same purpose as its mother company.
 - Legislation of Head Office's country is applicable to the relations of the Branch with third parties.
 - The Head Office is responsible for the obligations and duties acquired by the Branch (different from subsidiaries).
- As for the administrative day-to-day issues, the Branch is almost independent. For this reason it has its own premises and internal organisation, in addition to a Branch Director (who must be a Spanish resident) appointed by the head office to deal with clients and run the business.

▪ Steps to set it up: Are the same to set up a company.

▪ Accountancy:

- The Branch has to keep its own accountancy referring to its business operations and assets.
- The mother company may invoice the Branch for its specific costs (cost of management, general administration ...), and the Branch can deduct these costs from its income.
- The Head Office has to present its annual accounts in the Company Register where the Branch is based.

▪ Taxation:

- The Branch is subjected to corporate tax for the income obtained in Spain at a rate of 35%.

- Additionally, when the income is transferred to the head office, the Branch is also subjected to a tax on non-resident companies with permanent establishment in Spain, which taxes the income earned by the establishment that is transferred abroad at rate of 15%.
- Exception: these taxes are not applied to:
 - Companies resident in an EU member state.
 - Those countries with which Spain has signed Double Tax Treaties on Income and Wealth.

3.- REPRESENTATION OFFICES and TAX REPRESENTATIVES

Both are figures created by the tax legislation (not by the corporate legislation) to tax the income obtained in Spain by certain non-resident entities.

A) REPRESENTATION OFFICE (RO)

Main Characters:

- The main establishment is a non-resident entity that has a fixed place or establishment in Spain which is called “Representation Office”, whose purpose consists on representing the mother company in commercial issues in Spain, for example carrying out market studies and marketing activities, or establishing commercial contacts with prospective clients in Spain on behalf of the mother company.
- An RO only promotes but does not sell goods or services by itself, is the mother company who sells and makes the invoices.
- RO are obliged by law to appoint a Legal Representative to act on behalf on them in front of the Spanish authorities. This representative must be resident in Spain and can be an individual or a company.

Steps to set it up:

1. Public deed authorised by a Spanish Notary:
 - a. Main characters according to Spanish legislation (OR name, activity, permanent address).
 - b. Appointment of a Legal Representative and empowerment to allow him/her to do all the activities of the OR and represent it in front of public authorities and tax administration ...)
2. Declaration form to obtain the VAT number (it will be a resident VAT number)
3. Presentation of “Tax on Capital Transfers and Legal Documents” (ITP) (always exempt)
4. Registration of the deed at the Company Register.

Taxation:

- An RO is not subjected to Corporate Tax in Spain.
- An RO is not subjected to VAT in Spain. VAT is declared by the head office in the country of origin because it is the only one that makes invoices. In case of the head office having made VAT payments in Spain, it is possible to ask for the refund.

Accountancy:

- An RO is not an Spanish legal entity from the Corporate Tax point of view, for this reason it is not obliged to keep an accountancy.
- For the same reason, neither the RO nor the head office do not have to present annual accounts in Spain.

B) TAX REPRESENTATIVE

Main Characters:

- A Tax Representative is an individual or a legal entity that has been empowered by a non-resident company so as to represent it in front of the Spanish Tax Authorities to prepare and present declarations of the Value Added Tax and Corporate Tax if necessary, both related to the operations made in Spanish territory, and also to settle and ask for returns of these taxes.
- The Tax Representative has to be resident in Spain and is responsible, jointly and separately with the mother company, for the aforementioned tax obligations.

How to appoint the Tax Representative:

- If the foreign company is based in EU: It is only necessary to fill in the representative's personal data in the declaration form to obtain the VAT number.
- If the foreign company is not based in EU: The foreign company has to empower the Tax Representative in a public document authorised by a Notary of its country or of Spain. This empowerment has to be presented to the Spanish Tax Authorities.

When do we need a Tax Representative in Spain?

There are 2 common situations when a Tax Representative is needed:

	Situation 1:		Situation 2:	
	Non-resident company <u>with</u> a permanent establishment in Spain		Non-resident company <u>without</u> a permanent establishment in Spain	
Typical example	<p>A non-resident company that delivers goods or machinery to Spain and keeps them in a establishment.</p> <p>This establishment is only used to store, exhibit or deliver the goods or machinery. So, the establishment does not make any kind of business or activity by itself (different from branches and OR)</p> <p>This establishment is <u>rented by the non-resident company</u></p>		<p>The same case as 1, but the establishment is <u>not rented by the non-resident company</u>.</p> <p>The establishment use to be a store of a client, who has the goods or machinery in deposit.</p> <p>The company is considered not to have a permanent establishment in Spain.</p>	
VAT number	Spanish tax administration will provide the company with a non-resident VAT number.		The same as 1	
Taxation	Corporate Tax	VAT	Corporate Tax	VAT
	It depends on the content of the Tax Treaty between Spain and the foreign country: If the Treaty considers the establishment in Spain as permanent for corporate tax purposes, then the company is subjected to this tax in Spain (see branches)	Subjected to VAT in Spain because, for VAT purposes, the payment of a rent implies that the company has a permanent establishment in Spain.	Not subjected	Not subjected but the sending of goods into Spain has to be declared as an intra-EU operation
Accountancy	If it is subjected to corporate tax it is obliged to keep accountancy. If not, it is only obliged to register operations related to VAT (in case it is subjected to VAT)		Not obliged to keep accountancy	

4.- OTHER FORMS OF BUSINESS:

A foreign company can also subscribe different agreements of collaboration with a Spanish company in order to commercialize and distribute their products in Spain. The most popular of these type of agreements is the agency agreement, which is widely regulated in the Spanish Law 12/1992 and the European Directive 1986/653/CEE 18-12-1986, which assure a minimum protection for the agent. Despite the European Directive, there are some differences between the regulations in the different EU countries.

FOREIGN INVESTMENTS IN SPAIN

General ideas:

As a consequence of the Maastricht Treaty and the EU Directive 88/361, Spain has liberalised foreign investment according to these rules:

- General rule: Notification post facto
- Special rules:
 - Previous notification: Investments coming from tax havens.
 - Previous Government authorisation: Investments in strategic sectors (air transport, TV and radio, telecommunications, activities connected with national defence...)
 - Government can suspend the liberalised regime if the nature or form of implementation of the foreign investment affects safety, public health or the exercise of public authority.

Who is a foreign investor?:

- Non resident individuals (Spaniards or foreigners domiciled abroad)
- Legal entities with foreign domicile.

Conclusion: a foreign investment does not depend on the nationality or procedure of the funds.

What is considered a foreign investment?

- Taking shares in Spanish companies non negotiable in the stock exchange, including setting up companies, buying shares, acquiring economical or political rights in the Spanish company (e.g. options to subscribe for shares).
- Taking shares of Spanish companies that are negotiable in Spanish or foreign markets.
- Setting up and expansion of branches.
- Investing in funds registered in Spain.
- Acquisition of real state based in Spain and valued + 3,005,060.52 € or any value if the investment comes from a tax haven.
- Other forms: joint ventures, partnerships, foundations, all + 3,005,060.52 € or any value if the investment comes from a tax haven.

Rules of notification:

Foreign investments have to be notified to the Register of Investments at the Ministry of Economy. There are 3 types of notification:

a) Prior notification:

- It is required when the investor is domiciled in a tax haven, then it is necessary to make a notification before making the investment and another one when the investment is made.
- Exceptions: Prior notification is not necessary although it comes from a tax haven if:
 - Investments in negotiable assets.
 - Investment in investment funds registered in Spain.
 - When the foreign investment in a Spanish company is less than 50% of the share capital.
 - Any case in which the investor does not pay a price (e.g. inheritances, gifts)
- Prior notification is valid for six months, if the investment does not take place within this period, notification has to be made again.
- This notification has to be made by the investor.

b) Subsequent notification:

- It is the general rule and has to be made within a month since the investment is made.
- Who has to notify?
 - In case of General Investments (investments in non-negotiable companies, branches and properties): the non-resident investor + the notary if the transaction has been handled by him.
 - Special procedures:
 - Investments in negotiable securities: the financial or credit institution responsible for the transaction.
 - In Spanish investment funds: the company managing the fund.

c) Annual report: Spanish companies with foreign shareholders and branches have to report annually on the development of the investment within 9 months of the closing date of their business year.

- In what cases do we have to make the annual report?
 - Spanish Branches.
 - Spanish companies with share capital +3,005,060.52 € and a percentage of non-resident shareholders of 50%.

- Spanish companies with share capital +3,005,060.52 € and non-resident investors that individually considered have a percentage of 10%.
- Spanish company which is head of a group of companies.
- Any other Spanish company with foreign investors has to make the annual report when it is required by the Ministry of Economy.

Objectives of the notification: Foreign investments have to be notified only for statistical purposes, but any failure to comply with the obligations of notification may be punished with a fine.

EMPLOYMENT REGULATIONS AND SOCIAL SECURITY PAYMENTS

In Spain, employment is regulated by the Workers' Statute ("Estatuto de los Trabajadores").

The fundamental points of Spanish labour legislation can be summarised as follows:

▪ **WAGES**

- There is a minimum wage, fixed yearly by the Government, which at the present time amounts to 451.20 € per month.
- Annual collective wage agreements by sector are agreed, setting wages levels in accordance with professional categories.

Wages, which are agreed as a gross annual amount, are normally paid in fourteen instalments per year. There are also collective agreements that provide for pro rata payment of these extra payments over the year.

▪ **WORKING HOURS**

- The maximum legal working week is 40 hours and the working day cannot exceed 9 hours, except when, by a collective agreement or by agreement between the employer and representatives of the employees, another way for allocating the daily hours of work is agreed on; however there must be a rest period of at least 12 hours between working days.
- Overtime may not exceed 80 hours per year.
- The annual holiday entitlement is 4 weeks and 2 days for a full year worked. There are also 14 local, community autonomous and national public holidays every year.

▪ **CONTRACTS OF EMPLOYMENT**

Contracts of employment can be established for definite or indefinite periods. In the case of the latter the employer cannot terminate them unilaterally, unless one of the situations provided for in the Workers' Statute arises.

If the dismissal is declared unfair, the employer has to pay compensation equivalent to 45- days-pay, per year of service, up to a maximum of 42 months' salary.

The dismissal of an employee will be declared void in the following instances:

- If the reason for it is one of the types of discrimination forbidden by the Constitution or by law.
- If the basic rights and civil liberties of the employee are infringed.

The consequence of a dismissal being declared void is the compulsory reemployment of the employee.

The Law permits the termination of a contract of employment, in the objective circumstances set out in the statute. In that case, the employer has to pay compensation equivalent to 20-days pay, per year of service, with a maximum of one-year's pay.

An employee may also be dismissed for disciplinary reasons when the employee has committed a serious breach of contract.

There are several other forms of contract that make the system more flexible:

- o Reductions in the social security contributions:

Businesses can obtain reductions in their social security payments if they employ for indefinite periods unemployed people who meet one of the following criteria:

- Unemployed women under 45
 - People who have been registered as unemployed and have been seeking work for 6 months.
 - People aged over 45
 - Unemployed women to work in sectors of the economy with a low level of female employment
 - Those receiving an unemployment subsidy
 - Workers affected by "social exclusion"
 - The disabled.
- o Part-time contracts: This allows the rendering of services for a specified number of hours per day, per week, per month or per year provided that the number of hours worked is less than the full-time equivalent.
 - o Fixed duration contracts: These contracts may be used for particular work or services. They are of a temporary nature and are used where additional labour is needed for a specific reason, e.g. to meet production requirements, or for the temporary replacement of an employee or for occasional intermittent work.
 - o "Practice" contracts: these can be agreed with holders of one of the following qualifications: a university degree or a certificate of professional training at medium or higher level or an officially recognised equivalent certificate. These contracts can be entered into during the four years immediately following the completion of the relevant studies.

- Apprenticeship contracts: their purpose is to impart the theoretical and practical training necessary for the proper performance of a trade or a profession.

▪ **SPECIAL LABOUR SYSTEMS**

There are special regulations governing employment contracts for groups of people whose work is of an unusual or special nature such as senior management, commercial travellers and professional sportsmen.

▪ **SOCIAL SECURITY**

Social Security payments are paid partly by the employer and partly by the employee. Personnel are classified into a series of professional and labour categories for the purpose of determining their Social Security payments. Each category has a maximum and a minimum contribution rate, which are usually revised each year.

At present, the professional and labour categories and the maximum and minimum rates are as follows:

CATEGORY	Min. rate Euros/ month	Max. rate Euros/month
1. Engineers and graduates	881.10	2,897.70
2. Qualified technicians and assistants	731.10	2,897.70
3. Clerical and workshop supervisors	635.70	2,897.70
4. Unqualified assistants	631.20	2,897.70
5. Clerical officers	631.20	2,897.70
6. Subordinates	631.20	2,897.70
7. Clerical assistants	631.20	2,897.70
	Euros/day	Euros/day
8. Foremen classes 1 and 2	21.04	96.59
9. Foremen class 3 and craftsmen	21.04	96.59
10. Unskilled workmen	21.04	96.59
11. Workers under 18 years of age	21.04	96.59

The payment rates applicable for employers and employees are as follows:

	Employer (%)	Employee (%)	Total (%)
General contingency	23.60	4.70	28.30
Unemployment	6.00	1.55	7.55
Professional training	0.60	0.10	0.70
Salary guarantee fund	0.40	-	0.40
TOTAL PERCENTAGES	30.60	6.35	36.95

These rates may be increased in proportion to the risk of industrial accidents from the type of activities carried out by a business.

The main benefits provided by the Social Security system are: retirement pensions, disability pay, family allowances, health services, unemployment pay, training and treatment of employment related illness.

COUNTRIES WITH DOUBLE-TAXATION AGREEMENTS WITH SPAIN

EUROPEAN UNION		
COUNTRY	DATE	Agreement Date Published in Official Spanish State Gazette (BOE)
Germany	05-12-1966	08-04-1968
Austria ⁽¹⁾	20-12-1966	06-01-1968
Belgium ⁽¹⁰⁾	14-06-1995	04-07-2003
Czech Republic	08-05-1980	14-07-1981
Denmark ⁽⁶⁾	03-07-1972	28-01-1974
Slovakia	08-05-1980	14-07-1981
Slovenia	23-05-2001	28-06-2002
Finland ⁽²⁾	15-11-1967	11-12-1968
France	10-10-1995	12-06-1997
Greece	04-12-2000	02-10-2002
Hungary	09-07-1984	24-11-1987
Ireland ⁽³⁾	10-02-1994	27-12-1994
Italy ⁽³⁾	08-09-1977	22-12-1980
Lithuania	22-07-2003	02-02-2004
Luxembourg	03-06-1986	04-08-1987
Netherlands	16-06-1971	16-10-1972
Poland	15-11-1979	15-06-1982
Portugal ⁽³⁾	26-10-1993	07-11-1995
United Kingdom ⁽⁴⁾	21-10-1975	18-11-1976
Sweden	16-06-1976	22-01-1977

REST OF EUROPE		
COUNTRY	DATE	Agreement Date Published in Official Spanish State Gazette (BOE)
Bulgaria	06-03-1990	12-07-1991
Iceland	22-01-2002	18-10-2002
Norway ⁽⁷⁾	06-10-1999	10-01-2001
Romania	24-05-1979	02-10-1980
Russian Federation	16-12-1998	06-07-2000
Turkey ⁽³⁾	05-07-2002	19-01-2004
Former USSR ⁽⁵⁾	01-03-1985	22-09-1986
Switzerland	26-04-1966	03-03-1967

AFRICA		
COUNTRY	DATE	Agreement Date Published in Official Spanish State Gazette (BOE)
Morocco Tunisia	10-07-1978 02-07-1982	22-05-1985 03-03-1987

AMERICA		
COUNTRY	DATE	Agreement Date Published in Official Spanish State Gazette (BOE)
Argentina	21-07-1992	09-09-1994
Bolivia	30-06-1997	10-12-1998
Brazil ⁽³⁾ (9)	14-11-1974	31-12-1975
Canada	23-11-1976	06-02-1981
Chile	07-07-2003	02-02-2004
Cuba ⁽⁸⁾	03-02-1999	10-01-2001
Ecuador	20-05-1991	05-05-1993
United States ⁽³⁾	22-02-1990	22-12-1990
Mexico	24-07-1992	27-10-1994
Venezuela	08-04-2003	15-06-2004

ASIA		
COUNTRY	DATE	Agreement Date Published in Official Spanish State Gazette (BOE)
China	22-11-1990	25-06-1992
South Korea ⁽³⁾	17-01-1994	15-12-1994
Philippines ⁽³⁾	14-03-1989	15-12-1994
India	08-02-1993	07-02-1995
Indonesia	30-05-1995	14-01-2000
Israel	30-11-1999	10-01-2001
Japan ⁽³⁾	13-02-1974	02-12-1974
Thailand ⁽³⁾	14-10-1997	09-10-1998

OCEANIA		
COUNTRY	DATE	Agreement Date Published in Official Spanish State Gazette (BOE)
Australia ⁽³⁾	24-03-1992	29-12-1992

(1) Articles 2, 11 and 24 of this agreement were modified by the protocol signed on 24 February 1995 and published in the BOE on 2 October 1995.

(2) Modified by exchange of notes on 27 April 1990 (published in the BOE on 28 July 1992).

(3) Not applicable to capital tax.

(4) Modified by exchange of notes on 13 December 1993 and 17 June 1994 (published in the BOE on 25 May 1995).

(5) Applicable to Ukraine, Belarus, Moldavia, Georgia, Armenia, Azerbaijan, Kazakhstan, Turkmenistan, Uzbekistan, Tajikistan and Kyrgyzstan.

(6) Articles 2, 3, 9, 10, 14, 17, 19, 22, 24 and 25 of this agreement were modified and Article 29 was eliminated by means of the protocol signed on 17 March 1999 (published in the BOE on 17 May 2000).

(7) The provisions entered into effect as from 1 January 2001, after which date the agreement signed on 25 April 1963 was no longer applied.

(8) Modified by exchange of notes on 9 November 1999 and 30 December 1999 (published in the BOE on 10 January 2001).

(9) See the Resolution dated 22 September 2003 (published in the BOE on 2 October 2003) on the interpretation of different points in the agreement.

(10) The provisions entered into effect as from 1 January 2004, after which date the agreement signed on 24 September 1970 was no longer applied.

APPLICABLE TAX RATES IN DOUBLE-TAXATION AGREEMENTS

Country	Dividends ¹			Interest	Fees
	General	Parent-Subsidiary			
		Companies % minimum	Shareholding Rate		
Germany	15	25	10	10	5
Argentina	15	25	10	0/12,5	3/5/10/15
Australia	15	-	-	10	10
Austria	15	50	10	5	5
Belgium	15	25	0	0/10	5
Bolivia	15	25	10	15	15/0
Brazil	15	-	-	10/15	10/15
Bulgaria	15	25	5	0	0
Canada	15	-	-	15	10
Czech Republic	15	25	5	0	5
Chile	10	20	5	5/15	5/15
China	10	-	-	10	10
South Korea	15	25	10	10	10
Cuba	15	25	5	10	5
Denmark	15	-	0 ⁽¹⁾	10	6
Ecuador	15	-	-	5/10	5/10
Slovakia	15	25	5	0	5
Slovenia	15	25	5	5	5
United States	15	25	10	10	5/8/10
Philippines	15	10	10	10/15	10/15/20
Finland	15	25	10	10	5
France	15	10	0	10	0/5
Greece	10	25	5	0/8	6
Hungary	15	25	5	0	0
India	15	-	-	15	10/20
Indonesia	15	25	10	10	10
Ireland	15	25	0	0	5/8/10
Iceland	15	25	5	5	5
Israel	10	-	-	5/10	5/7
Italy	15	-	-	12	4/8
Japan	15	25	10	10	10
Lithuania	15	25	5	0/10	5/10
Luxembourg	15	25	10	10	10
Morocco	15	25	10	10	5/10
Mexico	15	25	5	10/15	10
Norway	15	25	10	0/10	5
Netherlands	15	25/50	5/10	10	6
Poland	15	25	5	0	10
Portugal	15	25	10	15	5
United Kingdom	15	10	10	12	10
Romania	15	25	10	10	10
Russian Federation	5/10/15 ⁽¹⁾	-	-	5	5
Former USSR	18	-	-	0	5
Sweden	15	50	10	15	10
Switzerland	15	25	10	10	5
Thailand	10	-	-	10/15	5/8/15
Tunisia	15	50	5	5/10	10
Turkey	15	25	5	10/15	10
Venezuela	10	25	0	0/4,95/10	5

The above figures are percentages.(1) See Article 10 of the agreement.