

What are start-ups for the purposes of the this Law?

The definition corresponds to capital companies or cooperatives with headquarters/permanent establishment in Spain and which develop an innovative entrepreneurial project, with a scalable business model and a revenue that does not exceed 10 million euros. A company is considered emerging in its first 5 to 7 years of life and if 60% of its workforce has a Spanish employment contract. Furthermore, it cannot distribute dividends (or have done so), nor can it be listed on a regulated market.

Entrepreneurs who wish to avail themselves of the benefits of this law must apply to the National Innovation Company (S.M.E. in Spanish) to validate the above requirements. This assessment must be carried out within a maximum period of 3 months.

Tax and labour incentives

Corporate income tax

Benefit of a reduced corporate income tax rate of 15% in the first year with a positive taxable base and the following three years.

PIT (IRPF). Deduction for investment in new or recently created companies.

Deduction for investment in start-up companies of 50%, while increasing the maximum deduction base.

IRNR. Delivery of shares or holdings

Income from work in species consisting of the delivery of shares or holdings is considered exempt income.

Social Security

Self-employed workers in a situation of pluriactivity will obtain 100% reductions in Social Security contributions as long as they can prove effective control of the company and the provision of services under the labour regime for other companies.

PIT(IRPF). Delivery of shares or units or option plan

Employees may benefit from a tax exemption up to an amount of €50,000 per year per employee in relation to the delivery of shares or units of the emerging company. The part of the income exempted for not exceeding this limit will be subject to deferral for a maximum period of 10 years, provided that the entity is admitted to trading or if the shares or holdings are transferred.



Administrative incentives



Promotion of public procurement of innovation

The government will promote public procurement of innovative technology or processes and pre-commercial public procurement.

Economic and technical solvency requirements

The characteristics of emerging companies will be taken into account when setting their economic and technical solvency requirements when participating in innovative and pre-commercial public procurement procedures.

Temporary trial licences

Start-ups operating in regulated sectors may apply for a temporary test licence (maximum 1 year), for the development of their activities.

Secure testing environments

Public authorities shall promote the creation of time-limited controlled testing environments with the objective of assessing the usefulness, feasibility and impact of technological innovations applied to regulated activities.

State support

In order to attract private capital for the financing of start-ups, the General State Administration, together with other regional and local administrations, will promote the establishment of co-investment funds.

Market incentives

Reduction of the time limit for entry in the Commercial Register

The deadline for registration of start-up companies and all their corporate acts is reduced to 5 working days.

Temporary trial licences

The identification requirements for foreign investors not resident in Spain are simplified, making it easier to apply for and obtain the NIF electronically and exempting them from obtaining the NIE.

Treasury shares

Emerging limited liability companies may acquire up to 20% of their own shares for the purpose of implementing a remuneration plan and subject to the prior authorisation of the general meeting.

Losses that reduce net assets

Emerging companies will not be subject to dissolution as long as their net worth is below 50% of their share capital and as long as it is not appropriate to request a declaration of insolvency. This provision shall apply for a maximum of 3 years from their incorporation.



Measures to attract foreign talent to Spain

Special regime for impatriates

The Start-up Law amends the current impatriate regime provided for in the Personal Income Tax Law, improving access to it and introducing new beneficiaries. It will now read as follows:

The regime may be applied if the impatriate has not been a tax resident in Spain in the 5 tax periods (as opposed to the 10 required until now).

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The new beneficiaries of the scheme are:

- (I) Digital nomads, persons whose work activity is provided remotely, through the exclusive use of computer, telematic and telecommunication means.
- (II) Persons who acquire the status of administrator of an entity (without the need to participate in its capital, except in the case of asset-holding entities).
- (III) Those displaced as a result of carrying out an entrepreneurial activity, i.e. one that is innovative or of special economic interest for Spain and has a favourable report issued by ENISA.
- (IV) Those displaced as a result of carrying out an economic activity in Spain by a highly qualified professional who provides services to emerging companies, provided that the remuneration obtained represents more than 40% of the total income from the economic activity and from work.

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Income from economic activities deriving from the activities listed in points (III) and (IV) above will be understood to have been obtained in Spain for the purposes of this regime.

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This regime is extended to the spouse and children under 25 years of age or disabled persons, subject to compliance with certain requirements.

Visa and residence authorisation for international teleworking

The Law allows professional self-employed persons who provide remote services for companies located outside Spain to apply for visas for their entry and residence in the country. So, they benefit from the processing provided for in Law 14/2013 on support for entrepreneurs and their internationalisation.

To access such permits, certain requirements must be met, such as the existence of a real and continuous activity for at least one year of the company with which the employment relationship is maintained. Likewise, the relationship with the company not located in Spain must have existed for at least three months immediately prior to the submission of the application, and the activity must be carried out remotely.

The visa will have a maximum duration of 1 year and may be renewed. The residence authorisation will have a maximum duration of 3 years, also renewable.

