

The Spanish Holding Company

Our clients know what they want to achieve. We know how to get there. Partnership, premium quality and personal attention. That's how we've remained a leader in Trust and Corporate Services since 1952. Working with some of the sharpest minds in corporate law and finance, we pull together the right blend of services to suit each client's unique situation. With an international network of experts and a rich history in the financial world, we have the people and knowledge to help you succeed.

Spain has a favourable tax regime in order to encourage the establishment of holding companies of foreign subsidiaries, referred to as Spanish Foreign Securities Holding Company (Entidad de tenencia de valores extranjeros).

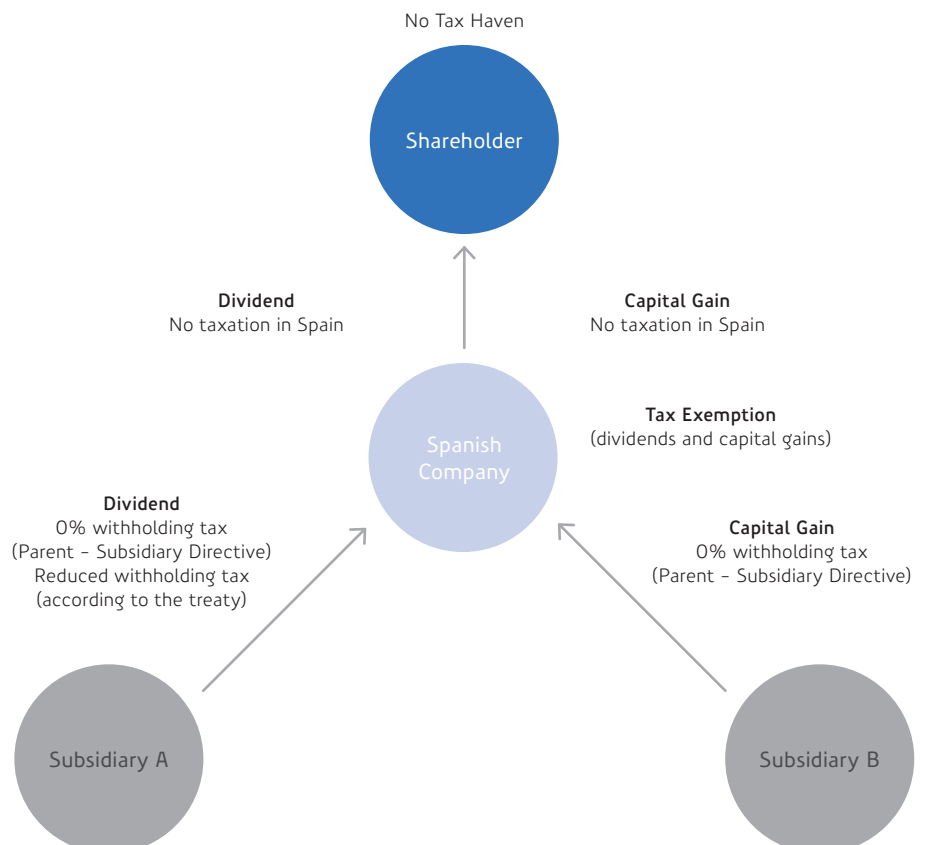
In order to qualify as a Spanish Foreign Securities Holding Company, the corporate purpose of the company must include the administration of holdings in foreign subsidiaries through the relevant organization of material and human resources, but this no longer needs to be the main purpose of the company. Therefore these companies may carry out substantial business activities. The option for the tax regime must be notified to the tax authorities.

The main benefits of the Spanish Holding company are:


- ▶ Typical income of holding companies (dividends and capital gains) arising from active foreign subsidiaries will not be subject to tax, if the following conditions are met:
 - › Minimum participation of 5% or alternatively on acquisition value of EUR 6 million.

- ▶ Holding period of one year, in case of dividends the period may be completed after the dividend distribution.
- ▶ Tax regime of foreign subsidiary must be of a nature identical or analogous to Spanish Corporate tax.
- ▶ The subsidiary must not be resident in a tax haven jurisdiction. In case of sale of shares the buyer must not be resident either in a tax haven jurisdiction.
- ▶ No taxation in Spain upon distribution of profits to the shareholder nor upon disposal of the shares (unless resident in a tax haven).
- ▶ Benefits from Tax Treaties and European directives. Among the European directives the most important ones are the Parent Subsidiary Directive and the one regarding corporate reorganizations (mergers, de-mergers, contributions in-kind and share for share swaps).
- ▶ Deductibility of financial expenses.
- ▶ Possibility to claim exemptions or substantial reductions of capital tax which is 1%.

General description of the Regime



Our clients come from every corner of the globe. Different countries, different cultures. Just like us. We have more than 1,000 professionals in more than 20 countries worldwide. So we have the local knowledge and sensitivity to see things from your point of view.

 Setting the standard since 1952

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