

Opening a subsidiary in Spain is an exciting time in the life of your company. However, Spain's subsidiary laws require you to make several decisions up front — including the structure of your company, your method of incorporation, and the resources you'll need. The entire process can take six to eight weeks, delaying the start of your operations and compelling employees you want to hire to look for jobs elsewhere.

Globalization Partners offers a solution. As an alternative to establishing a subsidiary in Spain, we can help you start working in Spain in a few days instead of a few months. Plus, as the Employer of Record, we'll take on any risk, so you won't have to worry about learning all the ins and outs of the country's subsidiary laws.

How to Set up a Subsidiary in Spain

Setting up a subsidiary in Spain starts with considering what type of entity you would like to incorporate. Spain has four main types of businesses, which each have pros and cons. You will need to look at your business activities, the registration requirements, the minimum capital requirements, and your level of commitment to the country to decide which is best for you.

The four business options include:

- Joint venture
- Branch office
- Representative office
- Corporation

The most common subsidiary structure is a Sociedad de responsabilidad limitada (S.L.), which is similar to a private limited liability company. The second company type is called a Sociedad Anónima (S.A.), which is equivalent to a public limited liability company. An S.L. has greater organizational flexibility and lower capital requirements than an S.A.

Depending on the option you choose, Spain has three separate incorporation processes:

- Ordinary regime: Applicable for both a limited liability company or a corporation.
- Simplified regime: Only applicable to limited liability companies that meet certain requirements relating to shareholders, share capital, and managing body.
- Super simplified regime: Applicable only to limited liability companies that meet certain requirements for shareholders, share capital, and bylaws.

The steps for each regime are similar, and the process to set up a subsidiary includes:

- Obtain certification of your proposed company's name from the Mercantile Register
- Apply for a Provisional Tax Identification Number (N.I.F.)
- Open a bank account in Spain
- Administer an anti-money laundering and terrorist financing declaration
- Execute a public deed before the Notary Public
- Register your office at the Commercial Registry
- Obtain a definitive N.I.F. once your company is registered and set up
- Complete any other notification procedures

Spain's Subsidiary Laws

If you decide to set up your Spain subsidiary as an S.L., you'll need to keep several requirements in mind. Spain subsidiary laws require a minimum of 3,000 EUR as investment capital that you'll need to pay in full at the time you incorporate. An S.L.'s shares are not freely transferable, and the company cannot issue bonds.

As far as management, your S.L. needs a minimum of three — but no more than 12 — directors. Spain subsidiary law does not have any nationality or residency requirements. However, the country does have strict accounting and auditing demands. All companies must file their annual financial statements with the Mercantile Register, but some can file abbreviated financial statements if they fall within certain limits.

What Do You Need?

You will need to prepare to spend time and money traveling back and forth to Spain to set up your subsidiary. Several other steps of the process can cost a significant amount of money in addition to investment capital requirements and other expenses, which could cause your

company to run in the red if you do not budget correctly. Finally, you will need a strong understanding of Spain's subsidiary laws to stay compliant.

Benefits of a Subsidiary Alternative in Spain

By setting up a subsidiary in Spain, you can officially conduct business in the country. If you incorporate as an S.L., you'll receive additional benefits from operating as a limited liability company. This setup will protect the parent company from any losses, and it will allow your subsidiary to run with a degree of independence.

Globalization Partners offers a beneficial alternative to establishing a Spain subsidiary. We can use our PEO in Spain to hire employees on your behalf who work for you. You can start working in a few days instead of six to eight weeks, and we'll place matters of compliance on our shoulders instead of yours. With us, you'll never have to go through the lengthy subsidiary setup process or worry about Spain's complicated subsidiary laws.

Contact Globalization Partners

If you are ready to establish a subsidiary in Spain, choose Globalization Partners. Contact us today to learn more about our services.