

## How to set up a company in Spain?

In this article, we address some of the previous steps to follow before incorporating and registering a company in Spain. It should be noted that some of them may vary depending on the legal structure chosen.

### Obtaining a Foreign Identification Number for an individual (NIE)

The NIE (Número de Identificación de Extranjero) is a requirement for any foreign individual when carrying out any operation subject to tax in Spain.

Accordingly, any British nationals who wish to hold the position of a director or shareholder of a company incorporated in Spain, must have a foreign identification number. This can be applied for at any Spanish Consulate in the United Kingdom or at any police station in Spain personally or through a legal representative appointed via a power of attorney.

### Obtaining a Foreign Identification Number for a corporate entity (NIF)

The NIF (Número de Identificación Fiscal), similarly, is a requirement for any foreign company when carrying out any operation subject to tax in Spain. Accordingly, this will be required for an English company to register at the Mercantile Registry.

This NIF will operate as the company's tax number and must appear on every invoice issued by the company.

When applying, the company can also notify the Spanish Tax Authorities that it is going to commence its commercial activity.

### Stamp Duty Tax on corporate operations

The stamp duty tax is levied on onerous transfers of assets, corporate transactions and documented legal acts.

On corporate operations the stamp duty tax is levied, among others, on the following:

- a) Incorporation of the company, the increase and decrease of their share capital and its dissolution.
- b) The transfer from the United Kingdom to Spain, of the registered office or its headquarters.

Accordingly, as indicated previously, the incorporation of the company is subject to the said tax. However, at the same time, it is exempt, so at that point it will be necessary to submit the stamp duty tax paperwork (*modelo 600*) without it being necessary to pay any tax.

The said paperwork can be submitted to the Spanish Tax Authorities, by the founder's company or through a legal representative appointed via the authorization representation system, that the Spanish Tax Authorities provide for filing tax declarations and self-assessments.

### Company Name: obtaining negative certification of company name

When applying for the registration of a company it is firstly required to obtain a negative certification for the company's name certifying that there is no other company registered at the Spanish Mercantile Register with the same name as the one wished to be use for the company applying for registration.

The company name under which the company will be registered does not require being the same name under which the company will be trading (commercial name) which can even adopt more than one. Accordingly, it is advisable for the commercial name to be registered at the patent and trademark office.

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