



Starting a Company in Spain

Legal Guide for German Investors

A practical and detailed guide to the key legal, tax, and business considerations for German citizens who want to start a company or make an investment in Spain.

Key Benefits for Investing in and Starting a Business in Spain

Spain offers a dynamic business environment and significant advantages for foreign investors, making the creation of a company a strategic decision.



Low Share Capital

Forming a limited liability company (S.L.) in Spain may require a minimum share capital of just 1 euro, which makes entering the market easier.



Fast Formation

The bureaucratic process has been simplified, enabling faster and more efficient company formation, often within a few weeks.



Gateway to the EU

Starting your business in Spain gives you direct access to the European single market with over 450 million consumers without customs barriers.



Tax Incentives

Spain offers various tax incentives, especially for new businesses, R&D, and strategic sectors, which can reduce the tax burden.



Talent and Ecosystem

Access to skilled workers and a growing innovation ecosystem, especially in cities like Málaga, with strong startup and technology support.



Starting Your Company in Spain: Essential Considerations

Choosing the company structure is one of the most important decisions for your investment. Spain offers legal forms with clear parallels to German law, which makes understanding the applicable legal framework easier.

Limited Liability Company (S.L.)

Functional equivalent of the German GmbH. Minimum capital of only €1, limited liability for shareholders, and agile management. The most commonly used form for SMEs and foreign investors in Spain.

- Minimum capital: €1
- Shareholders: 1 or more (including non-residents)
- Liability limited to contributed capital
- Taxation: Corporate income tax (25%)

If the share capital is below €3,000, at least 20% of annual profits must be allocated to the statutory reserve until €3,000 in capital plus reserves is reached.

Formation Process: Essential Steps

01

Name Registration

Obtaining the certificate of company name approval from the Central Commercial Registry.

02

Tax Identification Number and Bank Account

Obtaining the tax identification number (NIF) for foreign shareholders and opening a bank account for the capital contribution.

03

Notarization

Signing the incorporation deed before a Spanish notary, if needed with a certified translation.

04

Commercial Registry Filing

Registration in the provincial Commercial Registry and receipt of the company's final tax identification number.

Essential Tax Considerations for Formation

Corporate Income Tax (CIT) vs. Personal Income Tax

S.L. companies are taxed at 25% CIT (15% in the first two fiscal years for new companies). Non-resident German shareholders are taxed on their dividends under the Spain-Germany double taxation treaty, generally 15% or 5% for a holding above 25%.

Foreign Investment Register

Any foreign direct investment in Spain must be reported to the Foreign Investment Register of the Ministry of Economy (Form D-1A).

Free Movement of Capital

As an EU citizen, the German investor enjoys the free movement of capital guaranteed by the TFEU. There are no general restrictions on investments in Spain, the acquisition of real estate, or the formation of companies.

Anti-Money Laundering Prevention

Spain has implemented the European anti-money laundering directives. Investors and their advisors are subject to due diligence (KYC): identification of the beneficial owner, proof of source of funds, and reporting of suspicious transactions to SEPBLAC.

Residence, Taxation, and the Spain-Germany Treaty

Spain-Germany Double Taxation Agreement (2011)

The agreement to avoid double taxation between Spain and Germany (in force since 2013, based on the 2011 OECD Model Tax Convention) is the fundamental pillar of cross-border tax planning. It determines which country has the right to tax each type of income:

- **Dividends:** max. 15% (5% with a stake \geq 25%)
- **Interest:** only in the recipient's country of residence
- **Real estate income:** taxed in Spain
- **Capital gains from real estate:** taxed in Spain
- **Pensions and salaries:** specific rules depending on type and source

The treaty also provides mechanisms for automatic tax information exchange between both countries, ensuring absolute tax transparency.

Non-Lucrative Residence and Visa Options

For the German investor who wants to settle on the Costa del Sol without engaging in economic activity in Spain, non-lucrative residence is the appropriate path. As an EU citizen, a German can live freely in Spain by registering with the Central Foreigners Registry.

Relevant options:

- **EU Citizen Registration Certificate:** For stays longer than 3 months. Simple and fast process.
- **Tax Residence in Spain:** If you are present for more than 183 days per year, you will be taxed in Spain on your worldwide income. Requires treaty analysis.
- **Beckham Regime (Art. 93 LIRPF):** For assigned employees: taxed as a non-resident for 6 years, with a flat rate of 24% up to €600,000.

Key Geographic Advantages for Investment and Business Formation

Spain offers regional diversity that translates into unique opportunities for every investor and business, extending beyond the real estate sector.



Costa del Sol: Tourist Potential and Development

- **Services and tourism sector:** Strong demand for tourism services, hospitality, and leisure.
- **Technology and startups:** Growing technology ecosystem, especially in Málaga.
- **Quality of life:** Attracts international talent and supports employee retention.



Madrid: Epicenter for Business and Finance

- **Business hub:** Home to major companies, with access to national and international markets.
- **Connectivity:** Logistics and transportation hub that facilitates operations and distribution.
- **Constant investment:** Supports innovation and business development across various industries.



Valencia: Innovation, Logistics, and Quality of Life

- **Diversified economy:** Focus on technology, logistics (port), renewable energy, and agrifood.
- **Competitive costs:** Lower operating and living costs compared with Madrid or Barcelona.
- **Talent potential:** Numerous universities and a vibrant university environment that attracts young professionals.

The Importance of Expert Legal Advice

Navigating between two legal systems – the German and the Spanish – requires specialized knowledge that goes far beyond translating documents. A German-Spanish legal expert is your most valuable asset in this process.



German-Spanish Legal Expert

A professional with legal training in both legal systems can identify risks that a local or German advisor working separately would not see: differences in corporate liability regimes, double taxation treaty implications, registration requirements, or the correct structuring of a cross-border holding company for tax optimization.



Real Estate Due Diligence

Before any acquisition on the Costa del Sol, a full legal due diligence review is essential: land registry verification, zoning status (permits, encumbrances, coastal zone restrictions), liens and mortgages, lease agreements, and property compliance with regulations.



Tax Optimization and Structuring

The expert designs the most efficient corporate structure: a direct S.L., a Spanish holding company, or a structure with a German parent company? As a resident or non-resident, how should you be taxed? When should the Beckham Law regime be applied? These decisions can make a difference of tens of thousands of euros in the overall tax burden.

Essential Areas of Advisory



AML/KYC Compliance

Verification of source of funds, identification of the beneficial owner (UBO), and reporting to SEPBLAC in accordance with Law 10/2010 on anti-money laundering prevention. Violations can result in penalties of up to 10% of revenue.



Investment Registry

Filing with the Foreign Investment Registry of the Ministry of Economy (Forms D-1A and D-4). Required for equity stakes and, in certain cases, real estate investments. Strict deadlines must be met.



Application of the 2011 Tax Treaty

Practical handling of the double taxation agreement: obtaining the German tax residency certificate, applying reduced withholding taxes, requesting refunds of excess withholding taxes, and coordinating with the Spanish tax authority.



Ongoing Legal Protection

Drafting and reviewing commercial contracts, bilingual shareholder agreements, lease agreements, administrative appeals, and representation before the tax authority and registries. Legal certainty at every step of your investment.

Legal certainty

The foundation of every entrepreneurial success

"A legally well-structured investment not only protects your assets today, but also lays the groundwork for your company's sustainable growth in Spain for decades to come."

Asset Protection

Corporate structures that protect your personal assets from business risks.



Tax Efficiency

Application of the Spain-Germany tax treaty to eliminate double taxation and minimize the overall tax burden.

Full Legal Compliance

Strict compliance with AML/KYC, registry, and tax obligations in both legal systems.



Your Future in Spain Starts Here

The Costa del Sol offers a unique combination of legal, tax, and quality-of-life advantages that make it the preferred investment destination for Germans in Southern Europe. With the right legal and tax structure and the support of an expert team, your business project in Spain can reach its full potential.

EU Investment Freedom


As a German citizen, you enjoy full freedom to invest, buy, and live in Spain, protected by European Union law.

Solid Legal Framework

Spain offers a modern legal system, harmonized with European law, with full guarantees for foreign investments and contractual security.

Personal Guidance

Every project is unique. Our team of attorneys specializing in German-Spanish law analyzes your specific case to develop the optimal solution.

 **Legal Notice:** This guide is for informational purposes only and does not constitute individual legal advice. Every investment must be analyzed individually. We recommend consulting a specialized attorney before making any investment decision. Tax and commercial legislation is subject to change and must be reviewed as current in each case.

Ready for the first step? Contact us today for an initial confidential and non-binding consultation. Your investment on the Costa del Sol deserves the best legal advice.

Your success, our priority

At **Legis Investment** and **Vox Legis ABOGADOS**, we combine German-Spanish legal experience with deep knowledge of the local market to ensure that every step of your investment in Spain is solid and profitable.

www.legisinvestment.com

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We are at your disposal to help you achieve your goals in Spain.