

Our essential FAQs guide on Spanish Business Law

FAQs

<p>What are the main forms of operating a business in Spain?</p>	<p>There are two main types of companies: the limited liability company (S.L.), and the public limited company (S.A.).</p> <p>It is also possible to operate through a branch office, which does not have legal personality of its own. It is subordinate to and an accessory of the parent company.</p>
<p>What taxes do businesses need to pay in Spain?</p>	<p>Businesses in Spain are subject to Corporate Income Tax (CIT), Value Added Tax (VAT) and withholding tax on payroll. Moreover, local taxes such as Property Tax or Business Activities Tax may be applicable.</p>
<p>What is the standard Corporate Income Tax rate?</p>	<p>The standard CIT rate is 25%. Newly incorporated companies may benefit from a reduced rate of 15% for their first profitable year and the subsequent year.</p>
<p>How does VAT work in Spain?</p>	<p>VAT is applied to goods and services at a standard rate of 21%. Reduced rates apply to specific goods and services.</p>
<p>What are the key obligations for employers?</p>	<p>Employers must: (i) register employees with Social Security; (ii) pay minimum wage; (iii) provide contracts; (iv) ensure workplace safety and health standards; (v) comply with working hours and leave entitlements.</p>
<p>What types of employment contracts exist in Spain?</p>	<p>Depending on the duration, employment contracts may be permanent/indefinite or temporary contracts. Depending on the agreed working hours, contracts may be full time or part time.</p>
<p>What are industrial property protections available?</p>	<p>Spain provides protections for industrial designs, trademarks and trade names, patents and utility models and topographies of semiconductors.</p>
<p>Is registration of a trademark, patent or industrial design mandatory?</p>	<p>The registration of industrial property rights is not mandatory but highly recommended, as the exclusive rights to them are established through valid registration.</p>

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<p>How long does patent protection last in Spain?</p>	<p>Patents are protected for 20 years from the filing date.</p>
<p>What are the main data protection laws in Spain?</p>	<p>Spain complies with the EU's GDPR and its national Organic Law on Data Protection.</p>
<p>What must I do to comply with the General Data Protection Regulation (GDPR) in Spain?</p>	<p>To comply with GDPR in Spain, companies must provide clear privacy notices, obtain explicit consent, manage data access and rectification requests, secure personal data, appoint a Data Protection Officer (DPO) if required, conduct regular impact assessments (DPIAs), and maintain detailed records.</p>
<p>What are the main situations for company dissolution in Spain?</p>	<p>Generally, companies are dissolved due to sustained losses over time that reduce their assets to less than half of the share capital. Additional circumstances that can lead to dissolution include, among others: (i) the company having a defined duration, after which shareholders decide not to continue operations; (ii) a decision made by shareholders during a general meeting, (iii) a court ruling in Spain, often prompted by legal or regulatory issues.</p>
<p>What are the differences between dissolution and liquidation?</p>	<p>The dissolution and liquidation of a company in Spain are two distinct stages in the process of closing a business.</p> <p>Dissolution is the first step, where the decision to cease operations is made through a shareholders' resolution or court order. This must be registered with the Mercantile Registry, and liquidators are appointed to handle legal and fiscal responsibilities. The company remains legally active during this phase.</p> <p>Liquidation follows dissolution and involves converting assets to cash, settling debts, and distributing any remaining assets to shareholders. The process concludes with a final liquidation balance sheet filed with the Commercial Registry. Once liquidation is complete, the company is officially terminated and ceases to exist as a legal entity.</p>
<p>What is a registered office relocation?</p>	<p>A registered office relocation is the process by which a company formally changes the location of its effective center of administration and management. This change is documented through a notarized deed and registered with the corresponding Commercial Registry to ensure proper public notice to third parties.</p>



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