PRACTICAL TAX GUIDE
TO INVEST IN SPAIN
MAIN TAXES ON INCOME

- **Corporate income tax**
  - **Name:** Corporate Income Tax \([\text{Impuesto sobre Sociedades}]\)
  - **General rate:** 25%
  - **Basic legislation:**
    - Law 27/2014, of 27 November 2014, on Corporate Income Tax
    - Royal Decree 634/2015, of 10 July 2015, approving the Regulation on Corporate Income Tax

- **Tax on the income of resident individuals**
  - **Name:** Personal Income Tax \([\text{Impuesto sobre la Renta de las Personas Físicas}]\)
  - **Rate:** (i) general rate: 19% to 45%; (ii) savings income rate: 19% to 23%
  - **Basic legislation:**
    - Royal Decree 439/2007, of 30 March 2007, approving the Regulation on Personal Income Tax

- **Tax on the income of non-resident individuals and entities**
  - **Name:** Non-Resident Income Tax \([\text{Impuesto sobre la Renta de No Residentes}]\)
  - **Rate:** (i) general: 24%; (ii) dividends: 19%; (iii) interest: 19%; (iv) royalties: 24%.
  - **Basic legislation:**
    - Royal Legislative Decree 5/2004, of 5 March 2004, approving the consolidated text of the Non-Resident Income Tax Act
    - Royal Decree 1776/2004, of 30 July 2004, approving the Regulation on Non-Resident Income Tax

**TAX AUTHORITY: SPANISH TAX AGENCY [AGENCIA ESTATAL DE LA ADMINISTRACIÓN TRIBUTARIA]**

DOUBLE TAXATION CONVENTIONS

- State Tax Agency ("STA") website:
  https://www.agenciatributaria.es/AEAT.internet/en_gb/Inicio/La_Agencia_Tributaria/Normativa/Fiscalidad_Internacional/Convenios_de_doble_imposicion_firmados_por_Espana/Convenios_de_doble_imposicion_firmados_por_Espana.shtml

- Website of the Finance Ministry:

SPANISH LAWS AND TAX RULINGS

- Legislation (website of the Official State Gazette – STA):
  https://www.boe.es/legislacion/codigos/codigo.php?id=49&modulo=1&nota=0&tab=2

- Tax rulings (website of the General Directorate of Taxes):
  http://www.minhap.gob.es/es-ES/Normativa%20y%20doctrina/Doctrina/Paginas/ConsultasDGT.aspx
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In Spain there is a general system of taxation applicable to most of the country (the “common territory”). The territories with special tax regimes (“territorios forales”) — the three provinces of the Basque Country and Navarre — can issue tax regulations and collect their own taxes; however, they must preserve a tax structure and rates similar to those of the common territory. This document analyses only taxation under the legislation of the common territory. If the transactions analysed are subject to the particular tax regulation of the “territorios forales”, taxation may be different.

1. SUMMARY OF THE MAIN TAXES AND THEIR RATES

1.1 Direct taxes

1.1.1 Corporate Income Tax [Impuesto sobre Sociedades] (“CIT”)

- Taxable event: worldwide income obtained by legal entities resident in Spain for tax purposes.
- Main tax rates:
  (i) General: 25%.
  (ii) Newly formed companies (during the first two years): 15%.
  (iii) Credit institutions: 30%.
  (iv) Collective investment institutions: 1%.
  (v) SOCIMIs (Spanish REITs) and pension funds: 0%.
- Basic legislation:
  (a) Law 27/2014, of 27 November 2014, on the Corporate Income Tax.
  (b) Royal Decree 634/2015, of 10 July 2015, approving the Regulation on the Corporate Income Tax.

1.1.2 Personal Income Tax [Impuesto sobre la Renta de las Personas Físicas] (“PIT”)

- Taxable event: worldwide income obtained by individuals resident in Spain for tax purposes.
- Tax rates:
  (i) General income (income from work and business activities): progressive scale from 19% to 45%. The rates may vary according to each autonomous region.
  (ii) Income from savings (dividends, interest, capital gains, etc.): progressive scale from 19% to 23%.
- Basic legislation:

1.1.3 Non-Resident Income Tax [Impuesto sobre la Renta de No Residentes] (“NRIT”)

- Taxable event: income obtained in Spain by individuals or legal entities not resident in Spain for tax purposes.
- Tax rates:
  (i) General rate: 24%.
(ii) Dividends, interest and capital gains: 19%.

(iii) Residents in the European Union (“EU”) or European Economic Area¹ (“EEA”): 19%.

• Basic legislation:


1.2 Indirect taxes

1.2.1 Value Added Tax [Impuesto sobre el Valor Añadido] (“VAT”)

• Taxable event: deliveries of goods, imports and provision of services carried out by traders and professionals. As a general rule, it can be recovered in transactions between traders that carry out transactions not exempt from VAT.

• Tax rates:

  (i) General rate: 21%.

  (ii) Reduced rate (purchase of homes, hotel and restaurant services, etc.): 10%.

  (iii) Super-reduced rate (purchase of essential goods): 4%.

  (iv) Exempt: financial transactions, insurance, sanitary services, home rental, education, etc.

• Basic legislation:


1.2.2 Transfer Tax and Stamp Duty [Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados]

(A) Transfer Tax:

• Taxable event: transfers of goods between natural and legal persons not subject to VAT. Not recoverable (higher purchase value).

• Tax rates: 2% to 11%, depending on the autonomous region where the transaction is carried out.

¹ The European Economic Area includes Norway and Iceland.
(B) Corporate Transactions Tax:

- **Taxable event:** certain corporate transactions, mainly capital reduction and dissolution of companies. Not recoverable.
- **Tax rate:** 1% of the value of the goods and services returned to shareholders.

(C) Stamp Duty:

- **Taxable event:** the notarized documentation of certain transactions in a public deed. Not recoverable (higher purchase value).
- **Tax rate:** in general, 0.5% to 2.5% of the value of the documented transaction in the public deed (depending on the autonomous region where the transaction is carried out).

**Basic legislation:**


(ii) Royal Legislative Decree 828/1995, of 29 May 1995, approving the Regulation on Transfer Tax and Stamp Duty.

1.3 **Other taxes**

- Wealth Tax
- Inheritance and Gift Tax
- Special Taxes: on alcoholic beverages, hydrocarbons, tobacco, electricity, fluorinated greenhouse gases and cars.
- Local Taxes: Tax on Business Activities, Real Estate Tax, Tax on the Increase of Value of Urban Land, Tax on Construction Work, etc.

2. **GENERAL FRAMEWORK**

2.1 **Interpretation of the Tax Law**

Companies must be aware of and interpret the tax legislation. They are responsible for knowing all the taxes and provisions that are approved and that could be applicable to them.

Nevertheless, the Companies (and taxable persons in general) have the option of submit a free tax ruling request to a special government body, the General Directorate of Taxes. The ruling tends to take several months to be issued, but is binding on the administrative bodies.

2.2 **Anti-tax avoidance laws**

As well as numerous anti-abuse rules expressly included in the specific legislation of each tax, the Spanish Tax Authority has the general competence to reclassify, for tax purposes, any artificial or inappropriate transaction or business activity carried out by the taxpayers with the sole purpose to obtain tax savings, i.e. lacking substance or economic motivation.

2.3 **Limitation period**

The limitation period in Spain is four years, from the last day of the deadline for filing the tax return regarding to each tax.

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**PRACTICAL TAX GUIDE TO INVEST IN SPAIN**

**Basic legislation:**


(ii) Royal Legislative Decree 828/1995, of 29 May 1995, approving the Regulation on Transfer Tax and Stamp Duty.
However, in the case of a tax offence, the limitation period is extended to five years, and up to ten years in the case of particularly aggravated offences. That period is also ten years in the case of tax audits with regard to tax losses carried forward.

2.4 Penalties

The Spanish tax legislation imposes penalties on taxpayers that commit, *inter alia*, the following offences:

(a) not paying tax due or pay less than the amount due as a result of an incorrect or incomplete tax return;

(b) obtaining undue tax refunds;

(c) declaring incorrect tax allowances;

(d) filing the required tax returns after the assessment period; and

(e) notifying inaccurate data to the tax authority.

The amount of the penalties tends to range between 50% and 150% of the economic loss caused to the Public Treasury, although it could also consist of a fixed amount (normally EUR 150 to EUR 30,000) in the event of formal errors. The law allows the amount of penalties to be reduced under certain premises.

2.5 Tax offences

In Spain, a tax offence is considered to have been committed when the Public Treasury is defrauded by action or omission through (i) avoiding payment of taxes, amounts withheld or that should have been withheld, or payments on account; (ii) obtaining undue refunds; or (iii) receiving undue tax benefits; provided that the amount of the tax defrauded, the unpaid amount of the withholdings or payments on account, or refunds or tax benefits unduly obtained or benefitted from exceeds EUR 120,000.

The penalties under the Spanish criminal law are as follows:

(a) imprisonment for 1 to 6 years;

(b) a monetary fine of between 1 and 6 times the pecuniary damage caused by the offence;

(c) disqualification to obtain subsidies and benefits or tax incentives for a period of 3 to 8 years; and

(d) dissolution of the company (in special cases).

3. GENERAL RULES ON INTERNATIONAL TAXATION

3.1 Double Taxation Conventions ("DTC")

Spain has concluded a wide range of DTC with at least 103 countries (at least currently 94 of them in force), including Germany, Chile, China, Colombia, the United States of America, France, the Netherlands, Portugal and the United Kingdom. However, a DTC has not been signed with Peru.

Spain also applies numerous benefits for investment from or to any of the other 28 Member States of the EU (such as exemptions for dividends, interest and royalties, provided that certain requirements are met).

3.2 Methods to avoid internal and international double taxation

There is an exemption with regard to dividends and income triggered upon the transfer of shares of entities resident in Spain as well as non-resident entities, provided some requirements are met, *inter alia*:
(i) The parent company must hold, directly or indirectly, a at least 5% stake in the subsidiary or a stake whose purchase value is higher than EUR 20 million. The stake must be held continuously for at least 12 months.

(ii) In the case of non-resident subsidiaries, that entity must be subject to and not exempt from a foreign tax of an identical or similar nature to Spanish CIT at a nominal rate of at least 10%. This requirement is considered to be met when the subsidiary is resident in a country with which Spain has a DTC in force that includes an information exchange clause.

Apart from this, there are credits to avoid international double taxation which allow the lowest of the following amounts to be deducted from the tax due:

(i) the amount of the tax paid abroad;
(ii) the maximum withholding applicable in accordance with the DTC; or
(iii) the amount due according to the rate payable in Spain for the income obtained abroad.

In the case of international economic double taxation (receipt of dividends from the profits of subsidiaries subject to tax in the state of source, but not exempt under Spanish law), and provided certain conditions are met, the “gross profit” (before deducting the foreign tax payable by the subsidiary) distributed to the Spanish company can be included and to apply as a deduction the proportional amount of the tax paid abroad (together with any possible withholding tax at source for the Spanish company) in order to prevent double taxation, with the ceiling being the rate that would have been paid in Spain for this income.

3.3 Related transactions (transfer pricing rules)

All transactions carried out between related parties must be calculated by their market value. For this purpose, the market value is the amount that would have been agreed between two independent individuals or entities on an arm's length basis.

The Spanish regulations consider related parties to be:

(i) an entity and its members or shareholders;
(ii) an entity and its directors, except with respect to the remuneration for the performance of their duties;
(iii) an entity and the spouses or family members (either in a direct or collateral line, up to the third degree of kinship by blood or marriage) of shareholders or partners, board members or directors;
(iv) two entities included in the same group of companies;
(v) an entity and the directors of another entity, when both entities are part of the same group of companies;
(vi) an entity and another entity in which the former holds indirectly a at least 5% stake;
(vii) two entities in which the same members, shareholders or their spouses or family members (in either direct or collateral line, to the third degree of kinship by blood or marriage), directly or indirectly, hold a stake of at least 25%; and
(viii) an entity resident in Spain and its permanent establishments abroad.

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2 If any of the ceilings mean that the withholding made abroad is not fully repayable, the part that was not eligible for a credit shall be considered a deductible expense for the year, to be deducted from the tax due.

3 The conditions are very similar to those established for applying the exemption to avoid double taxation, so that the system is in practice optional. It would be applied by companies that obtain dividends from countries with higher tax rates than Spain and are afraid of generating tax losses carried forward with only a limited chance of offsetting them in the future.
When certain requirements are met, the corresponding documentation certifying the relation and the transaction carried out among related parties must be issued. This is inspired by the Organisation for Economic Cooperation and Development ("OECD") principles.

The valuation methods under Spanish law are (i) the comparable uncontrolled price ("CUP"); (ii) the cost plus; (iii) the resale price; (iv) the transactional profit split method ("TPSM"); and (v) the transactional net margin method ("TNMM").

### 3.4 Controlled foreign corporation rules ("CFC rules")

Under the Spanish CFC rules (Transparencia fiscal internacional), the following income must be imputed to the Spanish companies:

(a) all the income obtained by foreign subsidiaries, if the subsidiary has no material or personal resources (substance); or

(b) the passive income (from property, shares, collective investment institutions, insurance, derivatives, loans, etc.) obtained by foreign subsidiaries,

as long as the subsidiary pays taxes below 75% of what it would pay in Spain.

For these purposes, the concept of foreign subsidiary includes any entity non-resident in Spain for tax purposes, in which a stake of at least 25% is held.

### 4. MAIN TAXES LEVIED ON A LEGAL PERSON

#### 4.1 Corporate Income Tax

##### 4.1.1 General Information

CIT is payable on the worldwide income obtained by companies that are residents in Spain for tax purposes.

A legal entity is considered to be resident in Spain for tax purposes when one of the following requirements is met: (i) it has been incorporated under Spanish law; (ii) its registered office is based on Spain; or (iii) its place of effective management is located in Spain.

##### 4.1.2 Tax rate

The general tax rate is 25%, with special rates in the case of particular tax regimes or certain types of entities (between 0% and 30%).

##### 4.1.3 Taxable income

The taxable income for CIT is the result of the profit or loss statement of the company, modified by the adjustments established by the CIT legislation.

The tax period is the company’s tax year, which may not exceed 12 months (it does not have to be the calendar year).

##### 4.1.4 Filing and payment

Tax returns and payments must be filed within 25 calendar days following the 6 months after the conclusion of the tax period. In most cases the deadline is 25 July, since the tax period for most companies runs from 1 January to 31 December.
In general, companies resident in Spain are obliged to make instalment payments on account of the CIT in the first 20 calendar days of April, October and December. Usually, the taxpayer may choose from two ways of calculating the amount of such instalment payments:

(i) 18% of the total tax due corresponding to the last tax period whose filing deadline had finalised on the first day of the said months; or

(ii) 17% of the taxable income of the first 3, 9 or 11 months of each calendar year.

However, entities with a turnover higher than EUR 10 million per year must calculate their instalment payments as the larger of the following two amounts: 23% of the result of the profit and loss statement or 24% of the taxable income for the months elapsed from the beginning of the tax period to the accrual of the corresponding instalment payment.

The amounts of the payments on account of the CIT are discounted from the final amount of the tax due.

Finally, some income received by companies resident in Spain is subject to withholding of CIT (interest, dividends, rentals, etc.).

4.1.5 Deductible expenses

In general, all income-related expenses accrued and registered on the company's financial statements that arise from the company's business activity are deductible.

4.1.6 Non-deductible expenses

Notwithstanding the foregoing, the following expenses are considered non-deductible:

(A) remuneration of shareholders' equity (equivalent to dividends);

(B) expenses registered in the financial statements for the CIT tax liability itself;

(C) penalties and administrative charges;

(D) donations or gifts;

(E) expenses derived from any law infringement;

(F) expenses for services corresponding to transactions carried out with individuals or entities resident in territories classified under Spanish law as tax havens, unless it is evidenced that the expenses accrued arise from a transaction actually carried out;

(G) interests from intra-group loans used to acquire a stake in entities included in the same group of companies; and

(H) expenses on transactions with related entities that, as a result of a different tax classification, do not generate income or generate an income that is exempt or subject to a tax rate of less than 10%.

4.1.7 Limits on deductibility of ordinary financial expenses

There is a general earning-stripping rule, pursuant to which net financial expenses are deductible up to a maximum of 30% of the “operating profit” (which is similar to EBITDA plus/minus specific adjustments) of the tax period or EUR 1 million if higher. These rules apply to interest on both related and third-party debt. The excess not deducted for tax purposes can be carried forward indefinitely, being able to be deducted in the following tax periods with the same limitation. The unused default EBITDA percentage may be added to the limit applicable for the following five years. The limit explained above is not applicable to the tax period in which a company is wound up.
The deductibility of financial expenses triggered upon debts incurred as a result of the acquisition of shares in other companies is subject to a special additional limitation.

4.1.8 Offsetting of the tax losses carried forward

The tax losses carried forward may be offset in future years without any time limit. However, such tax losses may only be applied according to the following limitation: (i) 70% of the taxable income; or (ii) EUR 1 million, whichever figure is higher.

For companies whose turnover exceeds EUR 20 million per year, the 70% limit is reduced to 50% (25% if their turnover exceeded EUR 60 million the preceding year).

4.1.9 CIT tax regime for groups of companies

A special and voluntary tax regime is available to taxpayers if the same parent company (resident or not in Spain for tax purposes) holds, directly or indirectly, a at least 75% stake in two or more companies resident in Spain (or 70% in the case of listed companies), provided that certain requirements are met.

A joint taxable income for all the entities included in the groups of companies is the main implication of the CIT tax regime for groups of companies. It is calculated by eliminating the transactions made between companies in such a group. All the companies in the group will be jointly and severally liable for payment of the tax debt.

As we have mentioned, this is a voluntary tax regime. However, if chosen by the taxpayer, it becomes applicable for all the Spanish companies that have the same parent company.

4.2 Withholding tax to third parties that must be carried out by the company

4.2.1 Payment of resident employees and self-employed workers subject to withholding

Spanish companies are obliged to apply a withholding tax on the salary paid to each employee and pay the amount withheld into the Public Treasury during the first 20 days of the following quarter (the withholding tax and its payment will be monthly if the turnover of the company exceeds EUR 6 million per year). The percentage to be withheld, which ranges from 0% to 45% on the salary, depends on the amount of the salary and the family and personal circumstances that the worker may have declared to the company.

In payments made to self-employed workers (basically, independent professionals) who provide services to the company, the applicable withholding rate is generally 15%.

In both cases, the withholdings and payments made to the Public Treasury are considered payments on account of the recipient’s personal income tax, therefore these amounts shall be recovered (or subtracted from the amount to be paid) in the annual tax return.

These withholdings are of great importance to the company, since if they are not carried out, or the correct amount is not withheld and paid into the Public Treasury, the company will be liable for it before the Tax Administration, and may also be fined.

4.2.2 Withholdings on payments to non-residents

Companies resident in Spain for tax purposes must, in general, make tax withholdings on payments to persons and companies not resident in Spain for tax purposes when the income is considered to be obtained in Spain according to the tax law.

Thus, the companies resident in Spain must, in general, withhold 24% of the total amount paid for NRIT.
This withholding will be reduced to 19% if (i) the recipient is resident for tax purposes in a Member State of the EU or EEA; or (ii) the income is a dividend or interest.

The abovementioned withholding rates may also be reduced or eliminated if a DTC establishing a different withholding tax rate or providing for a domestic exemption from the obligation to make a withholding is applicable.

4.3 Taxes on sales and transfers of corporate assets

There is no direct tax in Spain other than CIT on the sales or transfers of a company’s assets, except in specific cases (e.g. sale of urban real estate property).

Thus, sales (or transfers) of the company's assets trigger a capital gain (or loss) that is included in the CIT taxable income, in general, following the accounting criteria: i.e. the fair market value (or sale value) of the asset minus its acquisition value (reduced by deductible amortization and depreciation, if appropriate).

In the specific case of the transfer of urban real-estate assets, there is a local tax on the increase of value of urban land during the period of ownership. This tax is set and collected by each local council within the limits provided by the Royal Legislative Decree 2/2004, of 5 March 2004, approving the consolidated text of the Local Tax Authorities Law (Ley de Haciendas Locales).

The amount payable does not depend on the sale or purchase price. The tax due is calculated by applying different ratios established by the law with regard to (i) the number of years between the acquisition and sale of the land; (ii) the ratios applied to calculate the increases of the value established by each local council; and (iii) the cadastral value of the land (value calculated by the public authorities). However, when no increase of the urban value has taken place, this tax will not be applicable (that rules are nowadays being amended within that scope).

Finally, in all transfers of assets related to a business activity and not exempt for VAT purposes, that transfer will be subject to VAT, but this amount may be offset by the acquirer in the case of a trader or professional that carries out transactions subject to VAT.

4.4 Other relevant taxes

4.4.1 Real Estate Tax (Impuesto sobre Bienes Inmuebles)

Local tax levied on the property of real estate assets. It accrues annually and the tax due is obtained by applying a rate between 0.4% and 1.1% (according to the municipality where the property is located) to the cadastral value of the asset (which is calculated by the public authorities).

4.4.2 Tax on Business Activities (Impuesto sobre Actividades Económicas)

Tax levied on the exercise of business activities inside the Spanish territory by companies with a turnover of more than EUR 1 million per year (individually or considering a whole group of companies). The tax due is calculated independently of income and profits, and may be flat-rate or modular, depending on the activity. The tax due may reach relevant amounts, particularly if the activity is carried out in different premises or in a large premises. Companies starting an activity are exempt from the tax for the first two years.

5. FOREIGN INVESTMENT

5.1 Commercial and legal openness to foreign investment

As a Member State of the EU, Spain follows a guiding principle of total freedom of movement of persons and capital, and of acceptance of investment from abroad, without discrimination as to its origin.
Consequently, the general rule is that there are no specific limitations or restrictions on investment by non-resident individuals or entities in companies or assets located in Spain.

The Spanish regulation provides for certain restrictions relating to the defence of the nation, transactions carried out by tax havens, or in relation to some specific sectors (TV, banking, etc.).

5.2 Investors duties

5.2.1 Notification

The Ministry of Economy and Competitiveness, for statistical purposes, must be notified of any investments and divestments carried out by non-residents in Spain. This notification must be made by filling the forms D-1A, D-1B, D-2A, D-2B, DP-1 or DP-2, as appropriate.

5.2.2 Prevention of money laundering

There is a very strict anti-money laundering regulation, which obliges the recipients of the investment, and mostly banks and intermediaries involved, including lawyers, to control the source of the funds (i.e., whether they come from legal activities) and identify their real owner (the individual or individuals who ultimately own or control, directly or indirectly, more than 25% of the capital or voting rights of a legal person, or who otherwise exercise direct or indirect control over the management of a legal person).

5.3 Investors resident in tax havens

Investment from tax havens is subject to controls, safeguards, anti-avoidance laws and special tax regimes. Thus, Spain, for example: (i) denies the application of withholding tax exemptions to income and gains received through tax havens; (ii) denied the deductibility of expenses paid by Spanish companies through tax havens or for services provided by entities resident in those territories; (iii) denies exemption to dividends and capital gains from those countries obtained by Spanish companies; (iv) requires the documentation of the market value of transactions with such countries; (v) prevents the application of tax benefits to the patent box and venture capital; (vi) applies the CFC rules to stakes in funds located in such countries; (vii) applies a special tax to entities resident in tax havens that have real estate properties in Spain; and (viii) requires to file a prior statement for investments from or to tax havens that exceed certain quantitative thresholds.

Currently, Spain only considers as tax havens those States included in the official lists (essentially, Royal Decree 1080/1991) that have not been excluded because they have not signed a tax information exchange agreement (or a DTC with an information exchange clause) with Spain that has entered into force.

6. CHOICE OF INVESTMENT VEHICLE

6.1 Most commonly used types of companies, their essential differences and recommendations

6.1.1 Limited liability company (Sociedad de responsabilidad limitada) ("S.L.")

This is the most common type of company because of its flexibility and private nature. A minimum capital of EUR 3,000 is required for incorporation (if the founders decide to be jointly and severally liable for its existence, the certification of its actual contribution is not required). It may have a single partner (socio), in which case its name must include “Unipersonal” (Single Partner). Partners’ liability is limited to the amount of invested capital (without prejudice to any liability that they may assume as de facto o de jure directors of the company). Capital contributions can be either monetary or non-monetary (as assets).
Management body can be formed by a sole director, two or more joint directors or joint and several directors or by a board of directors (with between 3 and 12 members). A legal entity may be appointed as director or board member, provided that it appoints an individual to represent itself in company’s activities. The members of the management body can be appointed for an indefinite period.

The corporate capital is distributed in equity quotas (participaciones), which are not securities, so they shall theoretically be transferred by a public deed granted before a public notary.

They are private by nature and the transfer of the equity quotas is limited and it must be offered on preferential basis to the rest of the members. Consequently, a limited liability company cannot be listed on an organized stock exchange.

6.1.2 Public limited company (Sociedad anónima) (“S.A.”)

This is a much more open (public) and less flexible company than a “S.L.” Its incorporation requires a minimum issued capital of EUR 60,000 (which may be partially disbursed, with at least 25% of the share capital, and the remaining EUR 45,000 being committed by shareholders, but not actually paid). As is the case with “S.L.”, it can have a single shareholder, in which case its name must include the mention of “Unipersonal” (Single Shareholder). Shareholder liability is also limited to the invested capital (without prejudice to any liability that they may assume as de facto o de jure directors of the company). Capital contributions may also be either monetary and non-monetary (as assets), but in the case of non-monetary contributions a special report issued by an expert appointed by the Registrar is required, with the consequent disadvantages in terms of time and cost.

The management body can be formed by a sole director, two or more joint directors or joint and several directors or by a board of directors (with at least 3 members). A legal entity may be appointed as director or board member, provided that it appoints an individual to represent itself in company’s activities. Members of the board of directors will be appointed for up to six years, after which they must be renewed or replaced.

Its capital is divided into shares, which constitute negotiable instruments that are freely transferable through any type of legal transaction.

They are public by nature and allow a free transferability of their shares by their owners, unless otherwise determined by the articles of association. They can be traded and almost all Spanish listed companies are S.A.s.

6.1.3 Economic Interest Grouping (Agrupación de Interés Económico) (“A.I.E.”)

This is a form of company designed to support its members’ economic activities.

It does not involve limited liability or a minimum corporate capital but it has a separate identity from its members.

Its most notable aspect is its fiscal transparency (look-through nature for tax purposes). The company attributes the proportional part of its earnings, taxable income, deductions, tax credits and other relevant factors to its resident members. However, regarding to the proportional part of its earnings (and taxable income) attributed to its non-resident members, Economic Interest Groupings are not transparent as they pay taxes themselves under the ordinary tax regime.

They are not commonly used, except for the advantage of certain designed tax benefits as deductions in the tax rate (they can only be used by companies with a positive taxable income, i.e. profits) in activities that may not generate enough return by themselves (film production, leasing of vessels, research and development, etc.).

6.1.4 Other companies

Spanish commercial law includes numerous types of companies: general partnerships, limited partnerships, partnerships limited by shares, civil law partnerships, cooperatives, employee-owned corporations, professional limited liability companies, etc. However,
they are not commonly used. They usually tend to involve an unlimited liability for all or some of the partners/shareholders in exchange for ensuring them the entity’s administration and, as a result, are closer to partnerships than to corporations.

6.2 Most common types of non-corporation companies and their essential differences

6.2.1 Branch

A branch constitutes a permanent establishment of a foreign company in Spain to which it belongs, registered in Commercial Registry, to which share capital may or not be assigned.

It is not a legal entity but part of a foreign company.

For tax purposes, it pays Non-Residents’ Income Tax calculated applying Corporate Income Tax rules.

6.2.2 Joint ownership of property (Comunidad de bienes)

It is not a legal entity and is based on sharing the legal property (shared ownership) of an asset or set of assets by a number of individuals or entities. It must therefore be limited to the exploitation of some assets that for any reason are in a system of co-ownership.

For tax purposes, it is completely transparent in its direct taxation as it attributes proportionally to its participants its earnings and withholdings applied. However, it may have tax implications in indirect taxation, particularly VAT, where it may be considered a taxpayer obliged to charge taxes.

6.3 Private vehicles with tax benefits

6.3.1 Regime of entities holding foreign securities (“ETVE”).

This is a special Corporate income tax regime that may be applied (where requested) by entities whose corporate purposes include managing and administering shares of companies not resident in Spain. To be eligible for the special tax regime, the entity must have the material and personal resources needed to carry out the activity.

If the member of the entity to which the special tax regime apply is an entity not resident in Spain, its main benefits will be as follows:

(A) **Dividends and income obtained by ETVE from the transfer of subsidiaries**: exemption of dividends and income from the transfer of shares of non-resident companies (i) in which at least 5% of capital has been held (or its acquisition value is greater than EUR 20 million) for 12 months; and (ii) that are resident in a State where they pay a tax similar to Spanish CIT at a nominal rate of at least 10%, or a DTC with Spain that includes an information exchange clause is in force.

(B) **Distribution of dividends by ETVE to their non-resident members**: dividends distributed by the ETVE to its members will not be subject to tax in Spain if they correspond to the exempt income from foreign subsidiaries stipulated in paragraph (A) above.

(C) **Capital gains obtained from the transfer from an ETVE by its non-resident members**: Capital gains corresponding to either reserves registered against exempt income or latent capital gains from foreign exempt shareholdings set out in paragraph (A) above will not be taxable in Spain.

As a result, it is a very beneficial regime for establishing holding companies that conduct investment from Spain.
6.3.2 **Real-Estate Investment Trusts (Sociedades anónimas cotizadas de inversión en el mercado inmobiliario) ("SOCIMI")**

This is a kind of public limited-liability company that is focused on the acquisition of real estate assets for leasing them for at least three years. It must invest at least 80% of its assets in these goods and obtain at least 80% of its annual income (excluding sales of the real estate properties) from the leasing activity. SOCIMIs may also comply with the above requirements by investing in shares in other SOCIMIs or foreign REITs.

They must have a minimum capital of EUR 5 million and be listed on a regulated market or multilateral trading system (such as the Spanish Alternative Stock Market) within 2 years from its adherence to the special tax regime.

They must also distribute dividends every year of at least (i) 100% of the earnings obtained from their stake in other SOCIMIs or foreign REITs; (ii) 50% of the capital gains obtained from the transfer of real estate properties or shares in other SOCIMIs or foreign REITs; and (iii) 80% of the remaining profits obtained.

Its main feature is its tax regime as they are not taxed directly on their earnings, being subject to a 0% CIT Tax rate. However, a special 19% duty is applicable on any dividends distributed to non-resident shareholders that (i) hold more than 5% of the share capital of the SOCIMI and (ii) are not taxed at an effective rate of at least 10% for these dividends.

7. **PROCEDURES TO BE TAKEN BEFORE THE AUTHORITY TO ARRANGE THE INVESTMENT**

7.1 **Obtaining a Tax Identification Number ("NIF")**

It is essential to have a tax identification number (NIF) to invest in Spain (or to carry out any activity with potential tax relevance in Spain). To get a NIF, the identity of the individual who wishes to obtain the NIF has to be certified, and in the case of legal entities, the identity of their legal representatives. It must be obtained in person at the Census Section of the STA, but may also be arranged by an authorized representative (so the applicant does not need to go to Spain in person), by executing an apostilled power of attorney.

In the case of individuals who wish to carry out significant activities in Spain (such as executing public deeds, being appointed as directors of a Spanish company, or incorporating or acquiring shares in a Spanish company) will need a Foreigner’s Identification Number ("NIE") issued by the Ministry of Internal Affairs (which, once registered in the tax census, will also serve as NIF). The NIE may also be obtained by an authorized representative, provided that a power of attorney has been executed by the non-resident individual. The power must be duly notarized and apostilled, together with the passport.

It will also be necessary to present a form giving information on the investment to the Ministry of Economy and Competitiveness.

7.2 **The Hague Convention**

Spain is a party to the Hague Convention

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4 Forms D1-A or DP-1, as appropriate.
8. FINANCING INVESTMENT VEHICLES

8.1 Equity

8.1.1 Formal aspects and direct taxation

Spanish law does not limit the financing of companies through their capitalization. On the contrary, the latest legal reforms have tried to promote this method of finance, being exempt from any indirect taxation the creation of companies, the capital increases and other contributions made by the shareholders to the company’s equity.

The contributions may be allocated either (a) entirely to the share capital or (b) partially to the issuance premium account.

To carry out a capital increase of a company resident in Spain for tax purposes, its shareholders must adopt the corresponding resolution, which must be notarized by a Spanish public notary and entered into the Commercial Registry. It is also possible for the shareholders of the company to make contributions to its equity, which will not be considered properly a capital increases. The advantage of these contributions is their greater flexibility and lower cost, given that they do not have to be notarized or filed before the Commercial Registry.

8.1.2 Taxation on the investors

Dividends distributed by Spanish companies to their non-resident shareholders may be subject to withholding tax. The withholding rate applicable is in general 19%, although such rate may be reduced if a DTC is applicable.

However, provided that certain requirements established by law, case law and tax rulings are met, the following kinds of dividends are exempt from withholding tax (and not taxable) in Spain:

(A) those paid by Spanish companies to their parent companies located in the EU (under Directive 2011/96/EU); and
(B) those distributed by an ETVE to its non-resident shareholders.

8.1.3 Taxation of the Spanish company

Dividends distributed are not a CIT deductible expense for the company that makes the distribution. Nevertheless, the amount of the annual profit that the Spanish company decides not to distribute to its shareholders and keep it in the company may give rise to a reduction in the CIT taxable base of up to 10% of the undistributed profits.

8.2 Indebtedness

8.2.1 Formal aspects and indirect taxation

Spanish law does not provide a limit to company’s indebtedness. In principle, companies are exempt from any indirect taxation regarding the granting, extension or return of loans.

However, the grant of collateral executed as a public deed and subject to be filed with the Land Registry, the Commercial Registry or the Registry of Movable Property is subject to Transfer Tax and Stamp Duty at a rate of between 0.5% and 1.5% of the secured amount, depending on the relevant autonomous region.

8.2.2 Taxation of investors

Spanish companies must make withholdings on account of the creditor’s Non-Resident Income Tax on the total amounts of interest due as a consequence of the financing. These withholdings must be paid into within 20 days following the quarter (or, for big companies, the month) in which the payment is due.
The rate applicable will in principle be a 19%, but this may be reduced if a Double Taxation Convention is applicable. Once the withholding has been made, the non-resident shareholder does not have to file any additional tax assessment.

However, provided that certain requirements established by law, case law and tax rulings are met, the following kinds of dividends are exempt from withholding tax (and not taxable) in Spain:

1. interest (explicit and implicit) received by residents in other Member States of the EU;
2. coupons paid on listed bonds that comply with certain characteristics
3. interest derived from public debt; an
4. interest on “bank accounts for non-residents” held in Spanish banks.

8.2.3 Taxation of the Spanish companies

The Spanish company that receives funding may reduce the interest accrued as an expense for Corporate Income Tax purposes, with the limit on the higher amount of the following: (i) 30% of EBITDA\(^5\) or (ii) EUR 1 million.

The amount not deducted may be deducted in the future within the same quantitative limits but with no time constraint.

However, interest is not deductible if they are:

- derived from indebtedness with related parties to acquire shares or equity in a subsidiary or other company of the group (unless there is proof of valid economic grounds for it);
- generated by profit participating loans (whose interest is calculated -totally or partially- according to the performance of the company, and are junior to other debts of the company) granted by other companies of the group (either resident or non-resident); or
- generated by hybrid instruments or paid to non-resident companies that are not considered income by the recipient, are exempt, or are subject to a nominal tax rate of less than 10%.

8.3 Recommendation on the kind and proportion of financing mix

In spite of the absence of a thin capitalization rule in the Spanish tax legislation, the capital/debt ratio used to finance Spanish companies must be supported by the corresponding analysis of the company’s related transactions and the corresponding transfer pricing documentation.

The taxation of investment will depend to a large extent on the country of residence of the investor (as the withholding rates on non-residents set by the Spanish DTC are relatively limited, and their tax rate for residents will normally be higher and allow a deduction of the withholding in Spain).

On the other hand, it is worth structuring investments taking into account that financial expenses are normally deductible for the Spanish company, within the quantitative limits mentioned above.

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\(^5\) In case of debts resulting from the acquisition of companies, the limit is 30% of the EBITDA of the acquiring company, not including earnings from the acquired company in case of a merger or tax consolidation. This additional limit may be avoided if (i) the debt is not more than 70% of the acquisition price; and (ii) it is proportionally repaid every year so that it does not exceed 30% of the acquisition price after 8 years.
9. **DIVESTMENT**

9.1 **Capital reductions and returns of contributions to members**

Capital reductions that entail a return of contributions to members are subject to indirect taxation (Capital Duty) amounting to 1% of the amount returned to each shareholder (or the fair market value of the goods and services, in non-monetary returns).

However, if a company refunds the issuance premium (the excess amount paid by shareholders who subscribed shares above their nominal value) or other shareholders’ contributions not considered as share capital, no Capital Duty is payable.

The effects in terms of direct taxation should be the same for capital reduction and return of the issuance premium. They will depend on whether or not the amount returned corresponds to accumulated profits (i.e. reserves):

- if the value of the equity of the company that reduces its capital has increased since the acquisition, the return will be considered a capital gain subject to withholding (as if it were a dividend), up to the maximum limit of said increase;
- otherwise, the return is considered to reduce the acquisition value of the shares or equity held by the shareholder (and thus taxation is deferred until the shares are sold in the future).

9.2 **Capital gains from the direct sale of shares in Spanish companies**

In general, and notwithstanding the numerous exceptions provided for in DTC, gains derived from any of the following sources are subject to taxation in Spain at a 19% rate:

- securities issued by persons or entities resident in Spain (thereby including all shares in Spanish companies);
- movable property (other than securities), or rights located in Spain or that must be compiled with or enforced in Spain;
- real estate located in Spain, or rights relating to real estate located in Spain; or
- rights and equity holdings in companies whose assets are mainly composed (directly or indirectly) of real estate located in Spain, or that attribute to their holder the right of using real estate located in Spain.

In any case, it is worth taking into account that Spain has included in its DTCs certain clauses that differ from the OECD Model. Among these, some of the most relevant are the clauses regarding the taxation at the source State of capital gains derived from equity holdings:

- in companies whose assets are mainly composed (directly or indirectly) of real estate located in Spain, or that attribute to their owner the right of using real estate located in Spain (“real-estate company” clause); and
- amounting to at least 25% of the share capital which have been held for at least one year (the “substantial shareholding” clause).

9.3 **Indirect capital gains**

Spain considers taxable (in its domestic law and many DTCs) any gains derived from shares and equity holdings in entities whose assets are mainly composed (directly or indirectly) of real estate located in Spain, or that attribute to their owner the right of using real estate located in Spain.

Additionally, where a foreign company whose sole asset consist of shares or equity holdings in one or more Spanish companies is transferred, and does not comply with certain “substance” requirements (having adequate material or human resources, having an independent administrative body in its country of incorporation, existing for valid economic reasons, etc.) Spanish tax authorities may disregard the existence of this foreign company (consider that it is a fake or “shell” company) and demand the taxes that would have accrued from the direct transfer of the Spanish shares or equity holdings.
In relation to indirect taxation, as a general rule, the transfer of shares or equity holdings in a resident company is exempt from VAT and Transfer Tax. However, there is an exception when the aim of such transfers of securities is to elude the payment of taxes that would have otherwise been accrued for the transfer of real estate owned by the entities represented by these securities.

Spanish legislation stipulates three cases in which the transfer is considered to have the aim of avoiding the taxes that would be payable on the transfer of real estate, unless evidenced otherwise:

I. when the acquirer obtains control of an entity whose assets consist of at least 50% of properties located in Spain that are not related to business or professional activities (or when, once such control is obtained, the stake in it increases);

II. when the acquirer obtains control of an entity whose assets include securities that allow it to exercise control of another entity whose assets consist of at least 50% of real estate located in Spain that is not related to business or professional activities (or when, once such control is obtained, the stake in it increases); or

III. when the securities transferred were obtained in exchange for the contribution of real estate to the share capital of a company, provided that such assets are not related to business or professional activities, and that a period of three years has not elapsed between the date of contribution and the transfer.

10. CORPORATE RESTRUCTURING

10.1 Tax neutrality in corporate restructurings

Spanish law includes special rules on tax neutrality for mergers, demergers, spin-offs, asset contributions, share-for-share swaps and corporate migrations, resulting from the Spanish implementation of the corresponding EU Directive in Spain.

Specifically, these rules include a deferral of gains and losses generated in these corporate restructuring transactions, so their tax treatment does not represent any obstacle (because it represents a cost) or incentive (because of exemptions) for corporate restructuring decisions.

These rules are specifically applicable to the following transactions:

- mergers;
- demergers (the company is extinguished, and its assets and liabilities are divided between two or more existing or new companies) in which the shares in each beneficiary company are proportionally attributed to the shareholders of the extinguished company;
- spin-offs (or non-proportional demergers) of branches of activity (set of assets that may constitute a specific autonomous economic unit, able to be operated by its own resources, and including -or not- the debts associated with its organization or operation) or equity holdings greater than 5% in operating companies;
- in-kind contributions (of branches of activity, shareholdings above 5% in operating companies or assets linked to economic activities), amounting to at least 5% of the capital of the beneficiary company;
- share-for-share swaps (acquisition or consolidation by an acquiring company of the control in another through the attribution of shares in the acquirer to the former shareholders of the acquired company); and
- corporate migrations of a company to another EU Member State

In all these cases, there must be a valid economic reason other than obtaining a tax advantage. There must also be no cash consideration from the transferring party. As an exception, in mergers, demergers, spin-offs or share-for-share swaps, for the
purpose of facilitating an exchange ratio, up to 10% of the nominal value of the shares or equity holdings of the acquired entity may be compensated.

Finally, if the tax neutrality rules are applicable, some tax benefits may also be applied for other taxes, such as the exemption from Transfer Tax and Stamp Duty and the deferral of the Tax on the Increase of Value of Urban Land\(^6\) (in the case of transfer of urban real estate).

11. **TAX REGIME FOR INBOUND EXPATRIATES**

Individuals who become Spanish tax residents upon their arrival to Spain as a consequence of (i) a labour contract; or (ii) becoming a director of a Spanish entity in which they hold less than 25% of the capital, provided that they have not been Spanish residents during the 10 previous tax periods, may choose to pay tax:

(i) under the ordinary Personal Income Tax rules (all global income taxable and progressive rates scale); or

(ii) under Non-Resident Income Tax rules (only on Spanish-sourced income, at the rate of 24%) for the tax period in which the change of residence occurs and the five following years.

In return, (i) the part of the taxable income that exceeds EUR 600,000 will be taxable at 45%; and (ii) all employment income will be considered Spanish-sourced.

However, these special rules cannot be applied to professional sports-persons who move from Spain. In addition, family members of the expatriate are not automatically qualified for this regime (they would have to meet the conditions by themselves).

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\( ^6 \) There is no deferral of the Tax on the Increase of Value of Urban Land in the case of in-kind contributions of assets which do not qualify as a branch of activity.
# WORK TEAM

<table>
<thead>
<tr>
<th>Name</th>
<th>Location</th>
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<tr>
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MAP OF DIRECT TAXES JURISDICTIONS: PPU-UM
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<th>CLASSIFICATION / TAXABLE EVENT</th>
<th>CHILE</th>
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<td><strong>INCOME TAXES</strong></td>
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<td><strong>CORPORATIONS</strong></td>
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<td>First-Category Tax</td>
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<td>25% or 27%</td>
<td>2019: 33% 2020: 32% 2021: 31% 2022 and ongoing: 30% Financial bodies 2019: 37% 2020: 35% 2021: 34% 2022 and ongoing: 30% Users of Industrial properties and Operators in Free Trade Zones: 20% (15% in Free Trade Zones created in the municipality of Cúcuta until 2019)</td>
<td>25%</td>
<td>29.5%</td>
<td>21% + 1.5% municipal surcharge + 3% - 5% - 9% state surcharge</td>
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<td>Dividends:</td>
<td>7.5% to 38.03%, depending on (i) whether they come from Colombian or foreign companies; (ii) whether they come for earnings that were taxed at corporate level; (iii) and the year of their distribution to shareholders</td>
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<td>9% of hosting, tourism and publishing activities. There are also reduced rates for activities developed in the areas most affected by armed conflict</td>
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## DIRECT TAXES

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<td>Labour, capital, non-labour and pension income, 0% to 39%</td>
<td>0% to 35%</td>
<td>General: 19% to 45%</td>
<td>5% to 30%</td>
<td>14.5% to 48% + 2.5% - 5%</td>
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<td>Dividends: 0% to 43.05%, depending on (i) their value; (ii) whether they come from Colombian or foreign companies; (iii) whether they are paid against profits that were taxed at a corporate level; (iv) the year of their distribution to shareholders</td>
<td>Labour, capital, non-labour and pension income, 0% to 39%</td>
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<td>General: 14.5% to 48% + 2.5% - 5%</td>
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<td>Savings: 19% to 23%</td>
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<td>Passive income: 28% - 35%</td>
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<td>Non-domiciled residents: 0% - 20% - 28% - 35% (general rate)</td>
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<td><strong>NON-RESIDENTS</strong></td>
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<td>Non-Resident Income Tax (Impuesto sobre la Renta de No Residentes)</td>
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<td>CIT or PIT for non-resident investors</td>
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<td>Corporations 2019: 33% 2020: 32% 2021: 31% 2022 and ongoing: 30%  Individuals 35%</td>
<td>Corporations 2019: 33% 2020: 32% 2021: 31% 2022 and ongoing: 30%</td>
<td>24% 30%</td>
<td>24% 30%</td>
<td>CIT: 25%  PIT: 28%</td>
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<td>Interest</td>
<td>35% or 4%</td>
<td>General tax rate - 20% - 15% - 5%</td>
<td>0% - 19%</td>
<td>4.99% - 30% related parties</td>
<td>0% - 25% - 35%</td>
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<td>Dividends</td>
<td>35% minus First-Category Tax</td>
<td>For profits taxed at corporate level: 7.5%</td>
<td>For profits that were not taxed at corporate level: 2019: 38.03% 2020: 37.10% 2021: 36.18% 2022 and ongoing: 35.25%</td>
<td>0% - 19%</td>
<td>5%</td>
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<td>Royalties</td>
<td>30% - 20% - 15% - 0%</td>
<td>20%</td>
<td>0% - 24%</td>
<td>30%</td>
<td>CIT: 0% - 25% PIT: 0% - 28%</td>
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<tr>
<td>Capital gains</td>
<td>35%</td>
<td>10% *Also for extraordinary gains</td>
<td>19%</td>
<td>30% - 5%</td>
<td>CIT: 0% - 25% PIT: 0% - 28%</td>
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<tr>
<td><strong>EXTRAORDINARY</strong></td>
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<td></td>
<td>Tax on extraordinary gains</td>
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<tr>
<td>CLASSIFICATION / TAXABLE EVENT</td>
<td>CHILE</td>
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<td><strong>INCOME TAXES</strong></td>
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<tr>
<td><strong>MINING</strong></td>
<td>Mining tax (Impuesto Específico a la Renta Operacional de la Actividad Minera)</td>
<td>10%</td>
<td>Tax on Business Activities (Impuesto sobre Actividades Económicas)</td>
<td>Mining Tax (Impuesto Especial a la Minería)</td>
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<tr>
<td>Medium-sized mining operators 0.5% to 4.5%</td>
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<td>Large mining operators 5% to 14%</td>
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<td><strong>GROSS INCOME</strong></td>
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<td>Industry and Commerce Tax</td>
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<td></td>
<td></td>
<td>Tax on Business Activities (Impuesto sobre Actividades Económicas)</td>
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<td><strong>DIRECT TAXES</strong></td>
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<td><strong>WEALTH TAXES</strong></td>
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<tr>
<td>ENTITIES</td>
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<tr>
<td><strong>(Local Patent)</strong></td>
<td>Wealth Tax, only applicable to foreign entities that do not file tax returns and that own assets located in Colombia, shares, receivables or portfolio investments (properties, aircrafts, mining rights, etc.)</td>
<td>0.25% to 0.5%, depending on the municipality</td>
<td>1% above COP 5 billion</td>
<td>0.4% on the tax value of the company’s net assets for the excess of S/1MM</td>
<td></td>
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<tr>
<td><strong>INDIVIDUALS</strong></td>
<td></td>
<td>Wealth tax</td>
<td>Wealth Tax</td>
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<tr>
<td>CLASSIFICATION / TAXABLE EVENT</td>
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<td></td>
<td>1% above COP 5 billion * In force until 2021</td>
<td>0% to 3.75%, depending on the region</td>
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<tr>
<td>WEALTH TAXES</td>
<td>Real Estate Tax (Impuesto Territorial)</td>
<td>Property Tax (Impuesto Predial)</td>
<td>Real Estate Tax (Impuesto sobre Bienes Inmuebles)</td>
<td>Property Tax (Impuesto Predial)</td>
<td>Municipal Property Tax</td>
</tr>
<tr>
<td>PROPERTIES (INDIVIDUALS AND CORPORATIONS)</td>
<td>Agricultural: 1% Non-Agricultural: 0.98% - 1.2% * On the assessed value</td>
<td>Depending on the municipality, with a maximum of 1.6% * On the cadastral value. Deductible from Income Tax</td>
<td>0.3% to 1.1%, depending on the municipality * On the cadastral value</td>
<td>0.2% to 1.0%, depending on the municipality * On the assessed value</td>
<td>Rural: 0.8% Urban: 0.3% to 0.45%, depending on the municipality *Taxable base: tax registered value</td>
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<td>Additional Municipal Property Tax</td>
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<td></td>
<td>Land for construction and residential real estate Entities: 0.4% Individuals: 0.7% - 1% - 1.5% *Tax base: tax registered value</td>
</tr>
<tr>
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<tr>
<td>TRANSFER OF REAL ESTATE</td>
<td>National Consumption Tax (Impuesto nacional al consumo)</td>
<td>Tax on the Increase in Value of Urban Lands (Impuesto sobre el Incremento de Valor de los Terrenos Naturaleza Urbana)</td>
<td>Conveyance of Property Tax (Impuesto de Alcabala)</td>
<td></td>
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<tr>
<td></td>
<td>2% on sale price, if higher than COP$918,436,000 (approx. €261,419)</td>
<td>0% to 30% on the increased value of the land, depending on the region</td>
<td>3% on the transfer value or assessed value, whichever is higher</td>
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</tbody>
</table>
MAP OF INDIRECT TAXES JURISDICTIONS: PPU-UM
## INDIRECT TAXES

<table>
<thead>
<tr>
<th>TAXABLE EVENT</th>
<th>CHILE</th>
<th>COLOMBIA</th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>SALES SERVICES IMPORTS</strong></td>
<td><strong>Value Added Tax (VAT)</strong>&lt;br&gt; <em>Not applicable to professionals</em></td>
<td><strong>Sales Tax (Impuesto sobre las Ventas)</strong></td>
<td><strong>Value Added Tax (VAT)</strong></td>
<td><strong>General Sales Tax (Impuesto General a las Ventas)</strong></td>
<td><strong>Value Added Tax (VAT)</strong></td>
</tr>
<tr>
<td></td>
<td>19%</td>
<td>19% - 5%</td>
<td>21% - 10% - 4%</td>
<td>18%</td>
<td>23% - 13% - 6%</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td><strong>Transfer Tax (Impuesto sobre Transmisiones Patrimoniales Onerosas)</strong></td>
<td></td>
<td><strong>Real Estate Transfer Tax (Imposto Municipal sobre as Transmissões Onerosas de Imóveis)</strong></td>
</tr>
</tbody>
</table>
| | | | 2% to 11%, depending on the region<br> *Transfers of goods not subject to VAT are subject to Transfer Tax* | | Urban lands: up to 6.5%
Rural plots: 5%
*Taxable base: the higher between acquisition value and tax registered value* |
| | | | | | **Stamp Duty (Imposto do Selo)** |
| | | | | | 0.8%
*Taxable base: the higher between acquisition value and tax registered value
Applicable to transfers not subject to VAT* |
<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>FINANCIAL TRANSACTIONS</strong></td>
<td></td>
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<tr>
<td>Financial Transaction Tax (Gravamen a Movimientos Financieros)</td>
<td></td>
<td></td>
<td>Financial Transaction Tax (Impuesto a las transacciones financieras)</td>
<td>Stamp Duty (Imposto do Selo)</td>
<td></td>
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<tr>
<td>0.4%</td>
<td></td>
<td></td>
<td>0.005%</td>
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<tr>
<td>50% deductible from Income Tax</td>
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<tr>
<td>Loans / Guarantees: exemption - 0.04% - 0.5% - 0.6%</td>
<td></td>
<td></td>
<td>Interest paid to financial institutions: 4%</td>
<td>Fees: 4% (3% for guarantees)</td>
<td></td>
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<tr>
<td><strong>CORPORATE TRANSACTIONS</strong></td>
<td></td>
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<tr>
<td>Capital Duty (Impuesto sobre Operaciones Societarias)</td>
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<tr>
<td>1% of transaction *Capital returns and company liquidation are subject to Capital Duty</td>
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<tr>
<td>DOCUMENTATION AND REGISTRATION</td>
<td>Stamp Duty (<em>Impuesto de timbres y estampillas</em>)</td>
<td>Registry Tax</td>
<td>Stamp Duty (<em>Impuesto sobre Actos Juridicos Documentados</em>)</td>
<td></td>
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<tr>
<td></td>
<td>0.066% over each instalment with a global limit of 0.8%</td>
<td></td>
<td>0.5% to 2.5% on the assessed value of the legal transaction</td>
<td></td>
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<td></td>
<td>Loans without maturity extension: 0.332%</td>
<td></td>
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<tr>
<td>IMPORTS</td>
<td>Customs Tariff</td>
<td>Customs Tariff</td>
<td>Import Rights</td>
<td>Customs Tariff</td>
<td>Customs Duties</td>
</tr>
<tr>
<td></td>
<td>General: 6%</td>
<td></td>
<td>Depending on the type of goods and country of origin</td>
<td>0%, 6% and 11% depending on the goods and customs’ classification</td>
<td>Depending on type of good and country of origin</td>
</tr>
<tr>
<td></td>
<td>*FTA</td>
<td></td>
<td>Tariff scale: 5% - 15% - 20% - 0%</td>
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### INDIRECT TAXES

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>SALE AND IMPORT OF SPECIFIC PRODUCTS AND SERVICES</strong></td>
<td>(i) Additional tax to VAT:</td>
<td></td>
<td>Special duties on the manufacture and import of:</td>
<td></td>
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<td></td>
<td>- Alcoholic beverages</td>
<td></td>
<td>- Non-electric vehicles</td>
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<tr>
<td></td>
<td>- Non-alcoholic beverages</td>
<td></td>
<td>- Alcoholic drinks, except for wine</td>
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<td></td>
<td>- Luxury goods</td>
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<td>- Emissions of fluorinated greenhouse gases</td>
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<td></td>
<td>(ii) Excise Duties on Tobacco</td>
<td></td>
<td>- Energy, hydrocarbons and power</td>
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<tr>
<td></td>
<td>(iii) Fuel Excise Duties</td>
<td></td>
<td>- Tobacco</td>
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<tr>
<td><strong>POLLUTION (GREEN TAXES)</strong></td>
<td>Tax on emissions into air of polluting compounds from stationary sources</td>
<td></td>
<td>Carbon tax</td>
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<tr>
<td></td>
<td>Emissions of MP, NOx and SO₂: 0.1/ton multiplied by the amount in USD according to the social cost CO₂ emissions USD 5/ton</td>
<td></td>
<td>COP$16,422 per ton of CO₂ (2019 values)</td>
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<td>* The value is updated every year</td>
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* The value is updated every year