

Summary

Law 14/2013, September 27th, about Entrepreneur aids and its internationalization.

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On September 28th, 2013 was published in the Official Gazette the Law 14/2013, September 27th, about Entrepreneurs aids and its internationalization.

This Law pursues to create a better environment for the growing and reactivation of the Spanish economy, through out the modification of several laws.

New features have been established into different sides whether commercial or tax issues.

Tax measures

Amongst the tax measures adopted some modifications have been carried out in the Corporate Income Tax Law, Personal Income Tax Law and Value Added Tax Law.

Value Added Tax Law has been strongly modified by the addition of a new cash basis concept in substitution of the previous accrual basis principle. In this regards, a new voluntary tax regime can be applied to SME and self-employed workers who will be entitled to chose a special system that may delay the payment of such tax until the totally or partially collection of the invoices,

with a limited suspension date fixed for December 31st, of the next year to the invoices date.

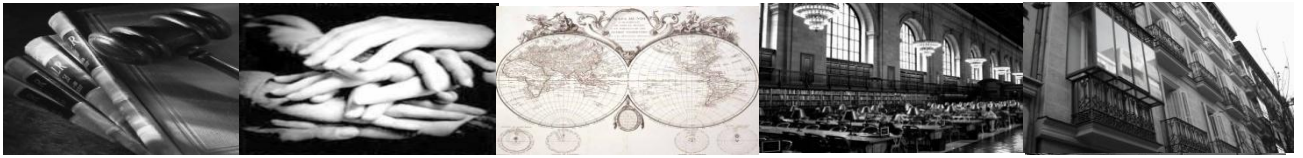
This new system shall be effective since to the date January 1st, 2014 and can be applicable to all kind of operations, excepting for Community Transactions and other transactions submitted to special VAT regimen.

SME and self-employed workers shall be beneficiary of this special regimen, as long as their turnover does not reach Euro 2 millions.

Regarding the Corporate Income Tax the main new main measures are:

i.- Small companies shall be beneficiated with a deduction into the tax payable arising form 5% to 10% of the profits, as long as the such profits are allocated to the acquisition of new materials for the company. Such deduction could be applicable for the profits generated since January 1st, 2013.

ii.- Incentives for R&D activities. It is established the possibility of deductions into the tax payable for R&D activities without limitation, but applying a 20% discount in the amount initially foreseen for the deduction



iii.- Incomes derived from the assignment of intangible assets such as patents, will be granted with a reduction in the tax base of up to 60%.

iv.- Deduction for hiring handicapped workers has been increased and it shall depend on the disability degree varying from €9,000€ to €12,000.

Measures affecting Personal Income Tax, which have been focused to increase the personal investment activity:

i.- Personal investors who pursue temporary investment in new companies or companies recently incorporated, shall be entitled to reduce the 20% of the capital contributions made into the national tax payable. Base of capital contribution for deduction is established in €50,000 per year. Capital gain obtained as a consequence of the disinvestment shall also be exempted of taxation, as long as the same is allocated to new other investment in new companies or companies recently incorporated. Such deduction shall be applicable for contribution of capital made since September 29th, 2013.

ii.- Incomes derived from professional activities shall be deductible since the same are allocated for the acquisition of new fixed assets.

Commercial measures

i.- The main measure consist in the creation of a new legal figure named to as “Limited Liability Entrepreneur”. Basically this new figure will allow to limit the liability derived from the personal professional activities excluding their homes from such liabilities. Homes shall no be valued up to €300,000 in order to be admitted for exclusion. Such limit is increased in big cities.

ii.- It is created the “Limited Companies of Successive Incorporation” featured by the possibility to incorporated Limited Liabilities Companies without the payment of the minimum share capital established by law. In substitution of the absence of minimum capital, it is established a personal liability regimen for partners before the reality of the contribution and up to the limit of the minimum capital required by law for dissolution and liquidation events. Additionally, limitations affecting dividends and payments to partner and administrators are also established until the total disbursement of the share capital.

iii.- It is created the “Entrepreneurs Points” which are aimed to centralize all the necessary steps for the incorporation and cease of commercial activities. Those points can be used by Limited Liability Entrepreneurs and Limited Companies of Successive Incorporation.



iv.- There are several measures which pursue to reduce the bureaucracy through:

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- Creation of legalized forms and electronic proceedings for the incorporation of Limited Liabilities Companies. In this regards it is edited the Single Electronic Document and it is implemented the Information Center and Company Creation Network, through of which the authorities will be coordinated.
- It is reduced the statistic information to be provided by the companies.
- Legalization of corporate registers and book can be carried out by the Internet.
- Powers of attorneys and its revocations can be granted by electronic documents.
- No administrative licenses shall be required for commerce smaller that 500 square meters.
- Thresholds for the drafting up of abbreviated annual accounts has seen increased.

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