



DOUBLE TAXATION TREATIES: SPAIN UPDATE

One of the key issues that measure a country's attractiveness to foreign capital is its network of double taxation treaties (DTTs). An effective, far-reaching network is a huge advantage for any business and Spain is well aware of this.

Spain's work in the past 10 years in this domain has been extremely fruitful and has helped immensely the internationalization of Spanish companies, raising in the meantime the country's profile as a prime destination for international investors.

Today Spain can boast of a net-

work of 92 DTTs in force and another 10 in different stages of conclusion. Plus several treaties have also been recently renegotiated: Austria, Belgium, Canada, Finland, India, Mexico, UK and USA.

The American continent is the most relevant area in terms of number of DTTs and its impact on Spanish economy. DTTs in force now exist with Canada, USA, Mexico, Cuba, Jamaica, Barbados, El Salvador, Costa Rica, Panama, Colombia, Venezuela, Trinidad and Tobago, Ecuador, Brazil, Bolivia, Argentina, Uruguay and Chile.

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Foreign companies should well consider incorporating their holding companies in Spain to manage their investments in this part of the world. As of last year, the DTT with the Dominican Republic has re-inforced Spain's leadership here. Let's take a look at the applicable rates:

Dominican Republic

| Dividends | Interest | Royalties |
|---|----------|-----------|
| 10% (0% if the corporate shareholder holds at least 75% of shares). | 10.00% | 10.00% |

Outside the American continent, Spain's efforts in the past years are commendable, especially in those areas where Spanish presence is less prominent, namely in Asia, the Middle East and former Soviet Republics. However, this is now changing thanks to the continuous expansion of DTTs which now cover Armenia, China, East Timor, Georgia, Hong Kong, India, Indonesia, Iran, Israel, Japan, Kazakhstan, Korea, Kuwait, Malaysia, Pakistan, Philippines, Saudi Arabia, Singapore, Thailand, United Arab Emirates and Vietnam. DTTs with Oman and Uzbekistan entered into force just this year.

Oman

| Dividends | Interest | Royalties |
|---|----------|-----------|
| 10% (0% if the shareholder holds at least 20% of shares). | 5.00% | 8.00% |

Uzbekistan

| Dividends | Interest | Royalties |
|---|----------|-----------|
| 10% (5% if the shareholder holds at least 25% of shares). | 5.00% | 5.00% |

As regards Africa, the number of DTTs is, for the moment, limited to the Northern part of the continent (Algeria, Egypt, Morocco and Tunisia) plus South Africa. Nigeria and Senegal are the latest additions to the list.

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Nigeria

| Dividends | Interest | Royalties |
|---|----------|--|
| 10% (7.5% if the shareholder holds at least 20% of shares). | 7.5% | 7.5% for companies and 3.75% in other cases. |

Senegal

| Dividends | Interest | Royalties |
|-----------|----------|-----------|
| 10.00% | 10.00% | 10.00% |

More news on this front is expected as another 10 DTTs are now in different stages of completion: Andorra, Azerbaijan, Bahrain, Belorussia, Cape Verde, Montenegro, Namibia, Peru, Qatar, and Syria. So when you start thinking about your new investment destination, think Spain.

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