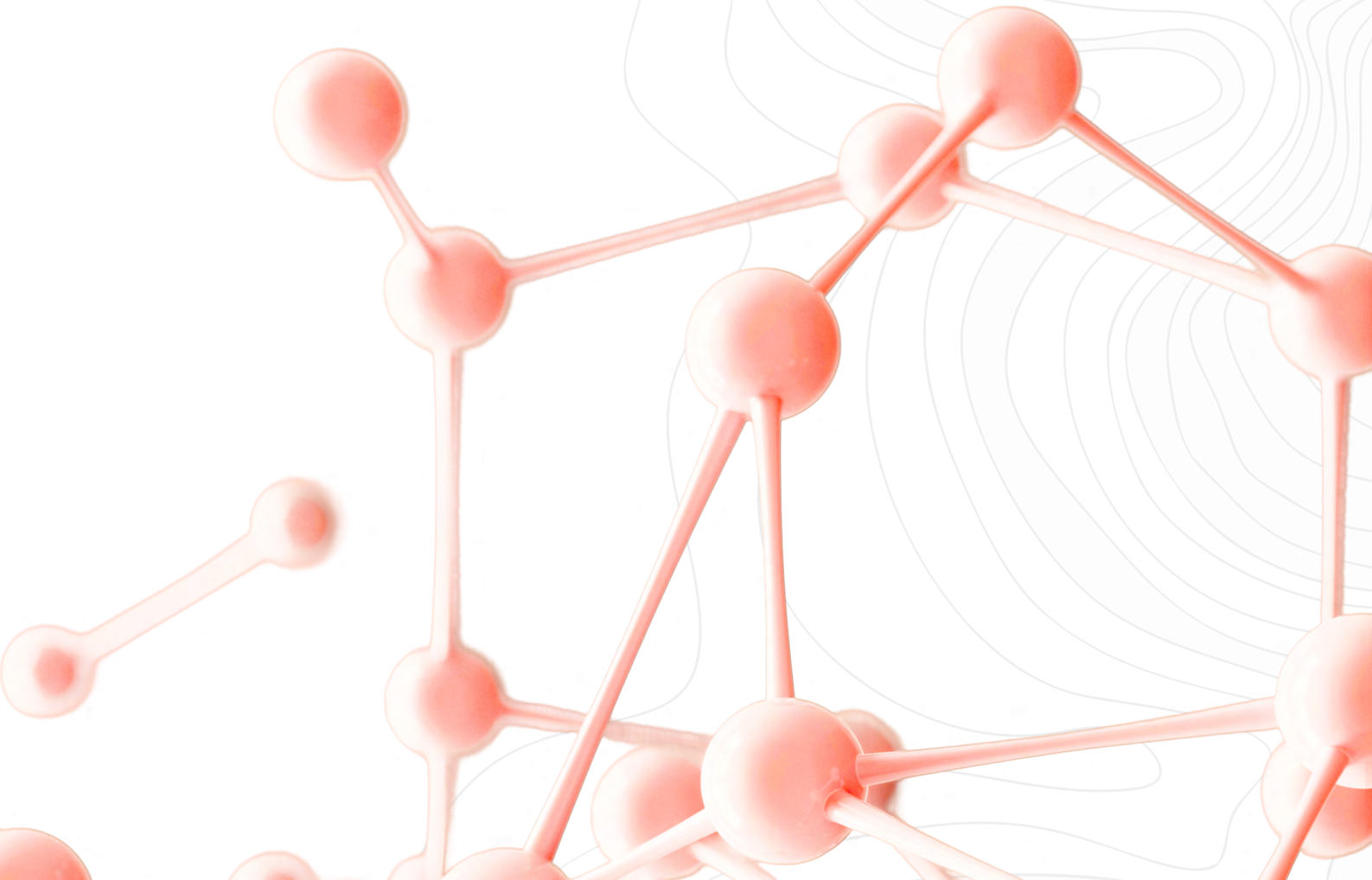


FOREIGN INVESTMENT IN SPANISH STARTUPS. A LEGAL AND PRACTICAL GUIDE





CREDITS

Madrid, April 2026

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Depósito Legal: M-12478-2026

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A.

LEGAL FRAMEWORK FOR FOREIGN DIRECT INVESTMENT IN SPAIN (FDI)

>> CONTEXT

1. Introduction [↗](#)

2. Screening Mechanism [↗](#)



1. INTRODUCTION

FDI has been historically open in Spain, with prior authorisation required only in narrowly defined areas. After the COVID19 crisis, and in line with other EU countries, Spain introduced a mandatory screening mechanism based on security and public order considerations.

The current framework is predictable and transparent, safeguarding strategic interests while preserving an attractive, stable environment for international investment.

2. SCREENING MECHANISM



2.1 Which transactions are subject to FDI screening?

Spanish FDI regime applies where: (I) A transaction qualifies as a foreign investment; and (II) The foreign investor and/or the object of the investment meet certain criteria.



2.2 What is considered a foreign investment for the purposes of FDI screening?

Under the general **Spanish general FDI regime**, a transaction qualifies as a “foreign investment” when a foreign investor acquires:

- I. Control; or
- II. a stake above 10 % of the share capital of a Spanish company.



2.3 What is considered a foreign investor for the purposes of FDI screening?

A “foreign investor”, to this effect, would be any company domiciled outside the EU or the EFTA or controlled or whose 25 % or more of its share capital or voting rights are directly or indirectly held by a company domiciled outside the EU or the EFTA.

Intragroup transaction that does not entail a change or acquisitions above the 10 % threshold that do not involve the acquisition of control are not considered foreign investment for these purposes.



2.4 When is a foreign investment subject to FDI screening?

A foreign investment requires FDI authorization if any of the following alternative criteria are met:

- I. Objective criterion: Related to the industry in which the acquired company operates and the activities it performs (e.g., owning strategic infrastructures or holding land/premises essential to their operation, owning critical or dual-use technologies, or key technologies for industrial leadership and capacity-building, among others); or
- II. Subjective criterion: Based on the characteristics of the foreign investor, regardless of the sector in which the acquired company operates (e.g., whether the investor or any of the companies that control it is, in turn, directly or indirectly controlled by a non-EU foreign government, including public bodies or armed forces; whether the foreign investor has made investments affecting security, public order or public health in other EU Member States; whether there is a serious risk that the foreign investor conducts illegal activities affecting public security, public order or public health).



2.5 Which are the sectors that would require FDI screening (objective criterion)?

Foreign investments in Spain may be subject to prior screening where the target operates in sensitive sectors. These include:

- I. Critical infrastructure (physical or virtual), such as energy, transport, water, healthcare, communications, media, data processing or storage, aerospace, defence, electoral and financial infrastructure, as well as key land and real estate linked to such infrastructure.

- II. Certain strategic technologies, including telecommunications, artificial intelligence, robotics, semiconductors, cybersecurity, aerospace, defence, energy storage, quantum and nuclear technologies, nanotechnology, biotechnology, advanced materials and advanced manufacturing systems.
- III. Supply of essential inputs, particularly energy, strategic connectivity services, raw materials and food security, especially where the relevant goods or services are indispensable and non-substitutable for essential services or critical infrastructure.
- IV. Sectors with access to sensitive information, in particular personal data or information capable of affecting strategic infrastructure, essential services or official non-public databases; and
- V. Media, which are subject to a specific regime in the case of audiovisual media.



2.6 Is there any exemption or notification threshold?

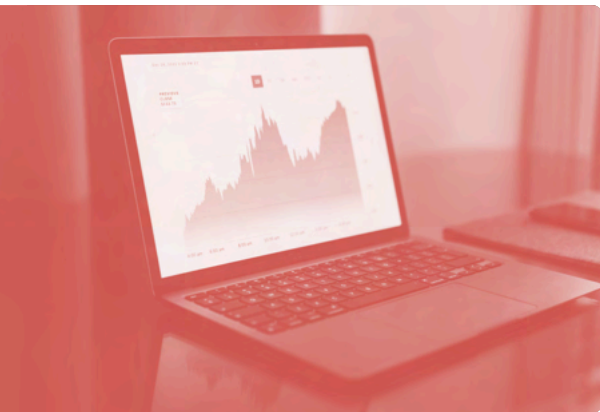
For sector-based filings (objective criterion), certain transactions are exempt from prior authorization:

- I. **General threshold:** An investment may be exempt where the target's turnover did not exceed €5 million in the last closed financial year, provided its technology was not developed under programmes or projects of particular interest to Spain. In practice, this threshold requires a certain ongoing presence in Spain, so most greenfield projects would normally not require FDI clearance.

This general exemption does not apply, however:

- to subjective criterion filings,
- to investments in certain electronic communications operators,
- to investments affecting the exploration or exploitation of strategic raw material deposits, or
- to acquisitions of real estate unrelated to critical infrastructure or is not indispensable and non-substitutable for essential services.

- II. **Temporary investment exemption:** Also exempt are temporary investments of very short duration (for example, by placing agents or underwriters in share issues or public offerings) where the investor does not acquire any ability to influence the target's management; in such cases, any authorization requirement would fall on the final investor.



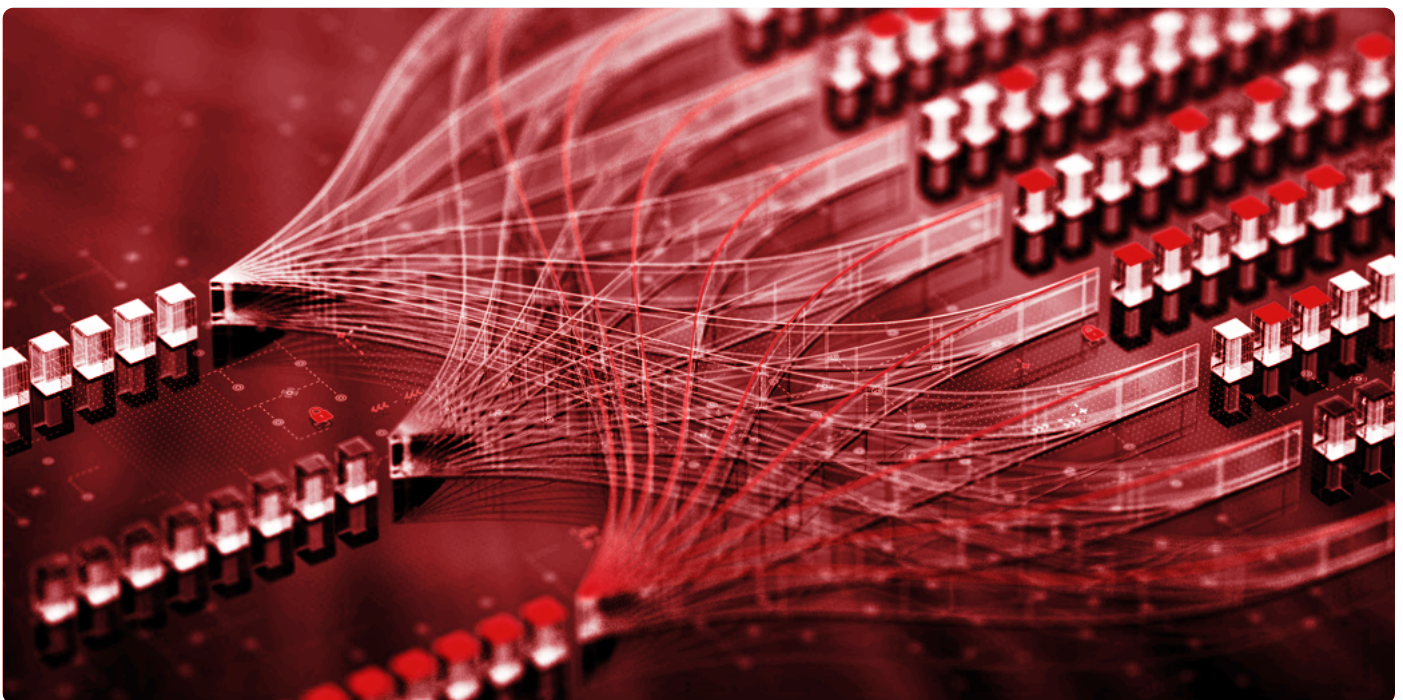
The Spanish Government may extend screening to other sectors on grounds of public security, public order or public health.

III. Energy sector exemptions: In the energy sector, additional exemptions may apply where the investor does not meet the characteristics of a specially regulated investor and the transaction satisfies the relevant statutory conditions. Broadly, these exemptions cover acquisitions where the target does not carry out regulated energy activities, the transaction does not result in the investor becoming a dominant operator in the relevant energy markets, and the investment remains below certain thresholds.



2.7 What are the consequences of an investment being subject to FDI screening?

If a transaction falls within the scope of the FDI screening mechanism, the investor must secure approval of the Spanish Government prior to implementing the investment. Failure to comply with this stand still obligation may entail a financial penalty as high as the amount of the investment. Moreover, the transaction will not become legally effective until the situation is regularised (e.g. voting rights may not be enforced).





2.8 How long would normally take to secure FDI clearance?

The Spanish authorities must issue a decision within three months from filing. Requests for information or documentation may suspend these deadlines.



2.9 Is there any additional requirement for FDI?

Foreign investments in Spain (and any subsequent divestments) must generally be reported to the Investments Registry of the Ministry of Industry, Trade and Tourism. The filing is normally made by the non-resident investor.



➤ Screening of EU investments

Additionally, pursuant to a transitional provision in force until 31 December 2026, a foreign investment authorization is also required for investments made by an investor domiciled within the EU or the EFTA, provided that it: (i) Involves a listed company in Spain; or (ii) in the case of an unlisted company, the value of the investment exceeds €500 million. A foreign investment authorization may be required exclusively based on the subjective criterion, irrespective of the activities of the target.

➤ FDI in the defence sector

Investments affecting the defence sector are subject to special rules. Under the **Spanish defence FDI regime**, a transaction qualifies as a “foreign investment” when a *foreign investor* acquires: (i) Control; or (ii) a stake above 5 % of the share capital of a Spanish company carrying out an activity directly related to the National Defence of Spain. For these purposes, a “foreign investor” is an entity or person non-resident in Spain, thereby considering EU and EFTA residents as foreign investors.



B.

SETTING UP A VENTURE CAPITAL COMPANY (SOCIEDAD DE CAPITAL RIESGO OR SCR) IN SPAIN

1. General framework of Venture
Capital Companies (SCR)? [↗](#)

2. Key Legal Requirements [↗](#)

3. Administrative Process:
Step-by-Step [↗](#)

4. Timeline: From Drafting
to Operations [↗](#)



1. GENERAL FRAMEWORK OF VENTURE CAPITAL COMPANIES (SCR)?



1.1 What is a Venture Capital Company (SCR)?

A Venture Capital Company (SCR) is a **closed-end investment entity** organized as a public limited liability corporation (sociedad anónima) whose primary purpose is to acquire **temporary equity stakes** in companies with significant growth potential.

SCRs are designed to invest in **non-financial and non-real estate companies** that are not listed for trading in EU and/or OECD regulated markets at the time of investment (**Qualifying Companies**). This ensures that capital is directed toward dynamic businesses that can benefit most from strategic investment and active management support.

Please note that investment in non-listed companies with significant growth potential may also be carried out through Venture Capital Funds (FCR, by their Spanish acronym), which are collective investment vehicles specializing in early stages (Venture Capital) or expansion. FCRs allow for risk diversification but require long-term commitments (5–10 years) and typically demand a high minimum investment. We will focus below on SCRs.



1.2 Mandatory and free disposal investment ratios

SCRs must allocate at least **60 % of their computable assets** to qualifying investments, primarily consisting of:

I. **Equity stakes** and instruments convertible into equity in Qualifying Companies.

II. **Participating loans** to Qualifying Companies, where returns are fully linked to the borrower's profits or losses.

III. **Other participating loans** (up to 30 % of computable assets).

IV. **Receivables and commercial financing** to existing portfolio of Qualifying Companies (up to 20 % of computable assets).

V. **Stakes in other venture capital entities** (ECRs).

The remaining assets (free disposal ratio) may be held in **fixed-income securities, cash, stakes in companies outside the core investment scope**, among others. Compliance with the mandatory investment ratio is assessed at the end of each financial year.



1.3 Exceptions to investment ratios

Spanish regulatory framework provides flexibility to accommodate diverse investment strategies. As exceptions to the above, SCRs may also invest in:

I. **Real estate-linked companies**, provided at least 85 % of their assets are continuously devoted to an economic activity.

II. **Listed companies**, if they are delisted within twelve (12) months following the acquisition, enabling strategic take-private transactions.

III. **Other venture capital entities (ECRs)**, facilitating fund-of-funds structures.

IV. **Financial technology companies (FinTech)**, whose core business applies technology to innovative business models, applications, processes, or products.

In addition, SCRs are permitted to temporarily fall below the mandatory investment ratio (and the diversification ratios set out below) during the first three years of operations, as well as for limited periods following significant divestments or capital increases. The CNMV (National Securities Market Commission of Spain) may exceptionally grant exemptions or extend these grace periods based on market conditions.



1.4 Portfolio diversification ratios

In addition to the limitations on the nature of qualifying investments, SCRs must comply with investment concentration limits designed to ensure portfolio diversification:

- I. **Single company limit:** No more than 25 % of qualifying investments (at the time of investment) may be invested in any single company.
- II. **Group limit:** No more than 35 % of qualifying investments may be invested in companies belonging to the same corporate group.
- III. **Related-party investments:** Up to 25 % of qualifying investments may be invested in companies belonging to the SCR's group or its management company's group, under certain conditions.



1.5 Regulatory Framework

The incorporation, management and operation of SCRs are governed by **Law 22/2014, of 12 November**, which provides a clear, modern, and investor-friendly legal foundation.



2. KEY LEGAL REQUIREMENTS



2.1 Capital Requirements



€1.2 MIL

Standard SCR

Minimum Subscribed Share Capital



€0.9 MIL

SME-focused SCR (ECR-Pyme)

Minimum Subscribed Share Capital

At least **25 % of the subscribed capital** must be paid in at the time of incorporation, with the remaining balance due within **twelve (12) months** from registration with the Spanish Securities Market Commission (Comisión Nacional del Mercado de Valores or "CNMV").



2.2 Corporate Purpose and Ancillary Activities

SCR's corporate purpose centers on temporary investments in Qualifying Companies. Beyond equity investments, SCRs may conduct valuable **ancillary activities**, including:

- I. Granting **participating loans** and other forms of financing exclusively to portfolio Qualifying Companies within the mandatory investment ratio.
- II. Providing **advisory services** to companies within their investment scope, enabling active value creation.



2.3 Share Structure Flexibility

Shares may be issued in **certificated form** (which must be registered shares) or as **book-entry securities**. SCRs may also issue **share classes with preferential rights**, provided these are expressly included in the by-laws—allowing for sophisticated capital structures that accommodate different investor profiles.



2.4 Investment Policy

A comprehensive investment policy must be established in the by-laws, covering:

Element	Minimum Subscribed Share Capital
Sector Focus	Target business sectors for investment
Geographic Scope	Geographical areas targeted for investment
Company Profiles	Types of companies and selection criteria
Ownership Parameters	Maximum and minimum ownership percentages
Holding Periods	Investment timeframes and divestment mechanisms
Financing Approach	Types of financing to portfolio companies
Value-Added Services	Advisory and management support services
Governance Involvement	Representation on portfolio company management bodies
Risk Management	Investment restrictions, strategy, and leverage policy



2.5 Delegation of Asset Management

SCRs may delegate asset management to specialized entities, including:

I. Closed-End Investment Entity Management

Companies (Sociedades Gestoras de Entidades de Inversión de Tipo Cerrado or "SGEIC"). SGEICs are management companies, constituted as public limited companies (sociedades anónimas) or a private limited liability companies (sociedades de responsabilidad limitada), whose corporate purpose is the management of one or more closed-ended alternative investment funds — e.g., ECRs — including the control and management of their risks.

II. Collective Investment Institution

Management Companies (Sociedades Gestoras de Instituciones de Inversión Colectiva or "SGIIC"). SGIIC are management companies authorized under Spanish law to manage collective investment schemes (such as mutual funds and investment companies). SGIIC are responsible for the administration, management, and representation of collective investment institutions. Their activities include portfolio management, risk control, and ensuring compliance with applicable regulations, and they operate within the framework established by Spain's collective investment legislation.

III. Firms authorized to provide **portfolio management investment services**.

IV. **Alternative Investment Fund Managers (AIFM)**, including acting on a cross-border basis from a different EU Member State.

Such delegation requires prior approval by the general shareholders' meeting or, where delegated, the board of directors, and must be formalized in a public deed and registered with the Commercial Registry and the corresponding administrative registry.

3. ADMINISTRATIVE PROCESS: STEP-BY-STEP

Establishing an SCR in Spain follows a clear, well-defined process overseen by the CNMV:

* Incorporation by Public Deed

The SCR is formally incorporated through a public deed executed before a Spanish notary. The initial shareholder, the members of the board of directors and the management company are generally the ones appearing for the incorporation. The following documents generally accompany the deed of incorporation: copy of the by-laws, acceptance letter by auditors, reserve of denomination issued by the Central Commercial Registry, and evidence of the disbursement of, at least, 25 % of the subscribed capital.

* Registration with the Commercial Registry

Following incorporation, the public deed of incorporation is filed with the Commercial Registry² for registration of the SCR, providing it with full legal personality and corporate standing. This step can take up to 2-3 weeks.

* Registration with the CNMV

The application must be submitted using the **CNMV's standard form³**, accompanied by comprehensive documentation including:

- I. By-laws of the SCR.
- II. SCR's prospectus, which shall follow a model which is familiar to the CNMV in content and format.
- III. Deed of incorporation, already registered with the Commercial Registry.
- IV. Provisional tax identification code issued by Spanish tax authorities.
- V. PRIIPs KID, only if retail investors are targeted.

Once the documentation has been reviewed and verified, the CNMV proceeds with the definitive registration, after which the SCR can commence operations.

² The Commercial Registry is a public official registry where companies are legally recorded. It contains information about their incorporation, legal representatives, bylaws, annual accounts, and any relevant corporate changes. Its purpose is to ensure legal transparency and provide reliable information to third parties.

³ This standard form is available at the regulator's official website: [https://www.cnmv.es/DocPortal/Legislacion/ModelosNormalizados/CR/SolicInscripSCR_pySiccFCREFESE\(soc\).docx](https://www.cnmv.es/DocPortal/Legislacion/ModelosNormalizados/CR/SolicInscripSCR_pySiccFCREFESE(soc).docx).

4. TIMELINE: FROM DRAFTING TO OPERATIONS

The CNMV is committed to efficient processing. The registration timeline is as follows:

Phase	Duration
Preparation of documentation and signing	This is very variable and depends on the complexity and particularities of the project, but generally takes between 1-3 months
Registration with the Commercial Registry	Up to 2 weeks from complete application filing
Registration with the CNMV	Between 3-6 weeks from complete application submission

In Practice: With proper preparation and complete documentation, most SCR registrations are completed within 4 to 6 months from the moment the SCR documentation drafting is started.



5. COSTS OVERVIEW

Establishing an SCR in Spain involves the following principal cost categories:

Cost Category	Estimated Range
Notarial Fees	€1,500 – €5,000 (depending on capital and complexity)
Commercial Registry Fees	€300 – €1,000
CNMV Registration Fees	Variable based on entity type and capital
Legal Advisory Fees	Varies depending on scope of services
Depository Arrangement	Annual fees based on assets under management

Note: These estimates are indicative. Actual costs will depend on the specific characteristics of the SCR and the services engaged. Recurring costs (management fees, subscription fees, carried interest, operating costs including fund administration services).



C.

DIRECT INVESTMENT OR CO-INVESTMENT BY A FOREIGN VENTURE CAPITAL ENTITY IN A SPANISH STARTUP AND OTHER SPANISH NON-LISTED COMPANIES OR ASSETS

-
- 1. Standard vs. Regulated Path ↗

 - 2. Legal Requirements under the Standard Path ↗

 - 3. Legal Requirements under Law 22/2014 ↗

This section is designed for foreign Venture Capital (VC) and Private Equity (PE) firms seeking to deploy capital into the Spanish ecosystem – specifically targeting startups, SMEs, and innovative assets. The comments below (C1, C2, C3 and C4) focus exclusively on the Investment phase and do not discuss the regulatory requirements for “marketing” or fundraising in Spain, which are governed by strict CNMV rules and AIFMD passporting protocols for Alternative Investment Fund Managers.

1. STANDARD VS. REGULATED PATH

To navigate the Spanish market effectively, investors must distinguish between two primary legal pathways for capital deployment: the “standard” path (1.2) and the “regulated” path (1.3).

The choice between them depends on the investor’s need for tax efficiency versus operational flexibility.



1.1 Direct Foreign Investment (the “Standard” Path):

This pathway applies to “pure” foreign investments or co-investments made without seeking specific Spanish regulatory status:

- I. **Regulatory Framework:** Governed by general Corporate Law and the Spanish Foreign Investment Registry (*Ley 19/2003*).
- II. **Compliance:** Primarily involves ex-post statistical reporting with the Registry of Foreign Investments (Registro de Inversiones Extranjeras), such as the filing of Form D-1A. Additionally, a FDI Screening Mechanism (requiring prior authorization) applies if the investment involves strategic sectors or is triggered by the investor’s specific circumstances (see Section A, above).
- III. **Flexibility:** No mandatory investment ratios or diversification limits. The investor acts as a standard shareholder or owner.



1.2 Investment under Law 22/2014 (the “Regulated” Path):

This pathway involves a foreign entity (or a local subsidiary) operating as a Venture Capital Entity (ECR) or an Equivalent Foreign Entity under the Spanish Venture Capital Act (Law 22/2014):

- I. **Regulatory Framework:** Supervised by the CNMV.
- II. **The “Equivalence” Requirement:** The foreign SCR must prove it is a closed-ended fund with a similar regulatory standing in its home jurisdiction.
- III. **The Regulatory Trade-off:** In exchange for following strict **investment ratios** (e.g., 60 % in qualifying assets) and **concentration limits** (e.g., 25 % per company or 35 % if the target is a group of companies), the investor gains access to a highly favorable 99 % Corporate Income Tax exemption on capital gains.



1.3 Why the distinction matters

Choosing to operate “under Law 22/2014” often requires a **co-investment strategy**. Because the law limits a regulated fund’s exposure to a single company to 25 % of its assets, foreign funds leading large rounds often partner with local Spanish SCRs or other foreign equivalent entities to bridge the gap while maintaining their regulated status.

This section will detail the technical requirements for both paths, ensuring that the investment into the Spanish market is both compliant and optimized for performance.

The following decision matrix categorizes the choice based on the investor's structural profile and their primary objective (Speed vs. Tax Efficiency).

Investor Profile	Standard Path Pure Foreign Investment	Regulated Path Investment under Law 22/2014
Primary Goal	Speed & Flexibility: Immediate entry without regulatory burden	Long-term Tax Optimization. Maximizing net IRR at exit
Fund Structure	Any (US LP, UK LP, etc.) No equivalence needed	Closed-ended AIFs. Must be “Equivalent” to a Spanish SCR
Investment Strategy	Concentrated. Can put 100 % of capital in one Spanish target	Diversified. Max. 25 % of fund assets per company or 35 % if target a group of companies
Exit Tax (Capital Gains)	Subject to Double Taxation Treaty (DTT) rules	99 % Exemption from Spanish Corporate Income Tax
Target Sector	Any (limited only by/subject to FDI screening in strategic sectors)	Restricted to Unlisted, Non-Financial, Non-Real Estate assets
Administrative Burden	Low. Ex-post statistical reporting (D-1A)	High. Initial registration/equivalence & periodic CNMV reporting
Public Co-Investment	Usually restricted to private capital	High eligibility for ICO/Axis/EIF/CDTI/COFIDES/SETT matching funds



1.4 Key decision triggers



Standard Path (Pure Investment) if:

- The investor is a First-time investor in Spain testing the market with a single, large ticket.
- The investor's fund is Open-ended or does not meet the strict "Alternative Investment Fund" (AIF) definition.
- The investor is investing in Real Estate or FinTech (sectors often excluded from the Law 22/2014 mandatory ratio).
- The investor wants to close the deal in **under 30 days**, without regulatory filings (excluding FDI screening when strategic sectors are involved or merger control which are not addressed in this section).

Regulated Path (Law 22/2014) if:

- The investor anticipates a high-multiple exits and wants to apply the 99 % tax exemption.
- The investor is a European Fund already registered under AIFMD (the "Equivalence" process is significantly streamlined).
- The investor plans to co-invest with Spanish public funds, which often mandate this regulatory framework.
- The investor is building a Spanish Portfolio and naturally meet the 25 % diversification limit.

2. LEGAL REQUIREMENTS FOR A FOREIGN SCR OR SIMILAR ENTITY INVESTING OR CO-INVESTING IN SPAIN UNDER THE STANDARD PATH

This option is typically chosen by US, UK, or Asian funds, or EU funds making a one-off "opportunistic" investment in Spain without a long-term local structure.



2.1 Regulatory Status: the "Non-Resident" Investor

Under this standard path, the investor is simply a Foreign Legal Entity making a cross-border acquisition (CF Section 3).

- I. **No Ratio Requirements:** The investor is not bound by the 60 % (SCR) or 75 % (SCR-PYME) investment ratios. The investor invests 100 % of its capital in one company, or in real estate, or in listed stocks.
- II. **No Diversification Limits:** The investor can take 100 % of a company's equity without violating any diversification caps.



2.2 The "Paperwork" (Administrative Requirements)

To sign a deal at a notary, the investor must have:

- I. **Tax ID:** The entity must obtain a Spanish Tax Identification Number.
- II. **Signatory NIE/NIF:** Every individual signing the deed (or their proxy) must have a Spanish ID number.
- III. **D-1A Declaration:** For statistical purposes, the investor must file a "D-1A" form with the Registry of Foreign Investments after the investment. This is mandatory for all foreign investments.

2.2.1 Startups Act (Law 28/2022)

This act represents a most significant administrative simplification. For a foreign entity choosing the Standard Path, the Startups Act serves as a Fast Track that bypasses material formalities.

When a foreign fund invests in a company officially certified as an Emerging Company (Startup) by ENISA⁴, the Standard Path becomes significantly smoother.

- **Elimination of the NIE Requirement:**
A significant hurdle for foreign partners is the NIE (Foreigner Identification Number), which requires physical presence or a consulate visit:
 - a. **The Change:** For investments in certified startups, foreign investors (individuals and legal entities) **no longer need a NIE**.
 - b. **The Alternative:** They only require a **Tax Identification Number (NIF)**, which can be requested **100 % electronically** through the Tax Agency's website.
 - c. **Timeframe:** This reduces the "ID acquisition" phase from months to **days**.
- **Digital Notarization and the "One-Stop-Shop":** The Startups Act, combined with the "Crea y Crece" Law 18/2022, allows for a much faster closing process:
 - a. **Electronic Signature:** Notaries can now incorporate electronic signatures for certain corporate acts, reducing the need for physical travel.
 - b. **CIRCE System:** Startups can be incorporated and capital increases registered through the DUE (Single Electronic Document), which handles the tax office, registry, and social security in one digital flow.

⁴ ENISA is a state-owned company that provides funding through participative loans to support the creation, growth, and innovation of small and medium-sized enterprises (SMEs) and startups in Spain. Its mission is to promote entrepreneurial projects that are viable, innovative, and contribute to the country's economic development.

2.2.2 Tax Incentives for Co-investors

If the foreign entity is investing alongside individuals (Business Angels), the Startups Act provides:

- **Deduction for Investment:** A 50 % deduction on the individual's personal income tax (IRPF) for the first €100,000 invested.
- **Carried Interest Exemption:** For the managers of the fund (if they become Spanish tax residents), 50 % of the carried interest is exempt from tax, provided the 5-year holding and "hurdle rate" conditions are met.

2.2.3 The ENISA Filter

To access this Fast Track, the target company must be certified by **ENISA** (the National Innovation Company). The criteria are:

- **Newness:** Target must be less than 5 years old (7 years for biotech/energy).
- **Innovation:** Must have a scalable business model and spend at least 15 % of expenses on R&D.
- **Presence:** Head office and most of the workforce must be in Spain.



3. LEGAL REQUIREMENTS FOR A FOREIGN SCR OR SIMILAR ENTITY INVESTING OR CO-INVESTING IN SPAIN UNDER LAW 22/2014

To provide detail on legal requirements, we must distinguish between the assets the entity can buy (Valid Asset Regime) and the regulatory standing of the foreign entity itself (Equivalence Regime).



3.1 Valid Asset Regime (Eligible Investments)

For an investment to count toward the mandatory investment ratios (the 60 % coefficient) under Law 22/2014, the assets must meet specific "Qualifying Company" criteria.

3.1.1 Core Qualifying Assets (the 60 % Ratio)

At least 60 % of the entity's computable assets must be invested in "eligible" assets, which include:

- **Equity Instruments:** Shares (SA) or quotas (SL) of qualifying non-listed companies (Note: Companies listed on an MTF (like BME Growth in Spain) are treated as "unlisted" for the purposes of these ratios.
- **Qualified Participative Loans (Préstamos Participativos):** Loans with interest strictly linked to the target's business performance (profits, turnover, etc.). These have no sub-limit within the 60 % ratio.
- **Other Participative Loans:** Those not strictly linked to performance are permitted but capped at 30 % of total computable assets.
- **Hybrid & Convertible Instruments:** Convertible bonds are eligible provided they offer a genuine path to equity.
- **Portfolio Debt:** Direct loans, credit lines, or invoices of companies already in the portfolio (equity-backed). These are capped at 20 % of total computable assets.

3.1.2 Requirements for the Target Company

To qualify for the mandatory investment ratio, the target company must meet the following criteria at the time of the initial investment:

- **Non-Listed Status:** Target must not be listed on a regulated primary stock exchange (e.g. the Continuous Market in Spain).
 - a. **Exception (MTFs):** Listings on Multilateral Trading Facilities (e.g. BME Growth) are permitted and do not disqualify the investment.
 - b. **Exception (Delisting):** An SCR may invest in a listed company if it is delisted within 12 months of the acquisition.

- **Activity Restriction:** Target’s main corporate purpose cannot be financial or real estate in nature:
 - a. **Real Estate Exception:** Investments are permitted if real estate is instrumental to a specific business activity (e.g., hotels, hospitals, or logistics). Pure real estate development or "flipping" is generally excluded.
 - b. **Fintech Exception:** Following Law 18/2022, certain technology-based financial entities (Fintech) may be eligible if they use technology to provide new business models or processes.
- **SME-Specific Rules (SCR-PYME or FCR-PYME):** If the vehicle is registered under the “SME-Venture Capital Company” regime, the target must meet the following “Mid-cap” thresholds at the time of the initial investment (e.g., if a target company successfully scales to 1,000 employees after the initial entry, the investment remains compliant with the SME-Venture Capital ratio); further detail in Section 3.4 below:



< 499

Employees



≤ €50 MIL

Annual turnover



≤ €43 MIL

Total assets

3.1.3 The Unrestricted Ratio (the “Free Disposal” Bucket)

Any assets not allocated to the Mandatory Investment Ratio (60 % for standard SCRs; 75 % for SCR-PYMEs) are considered part of the "Free Disposal" bucket. This portion — 40 % for standard SCRs or 25 % for SCR-PYMEs — may be held in: Cash or highly liquid short-term assets:

- **Liquidity and Cash Equivalents:** Cash on hand, bank deposits, or highly liquid money market instruments with short-term maturity.
- **Liquidity and Cash Equivalents:** Debt securities traded on regulated markets or organized secondary markets (e.g., government or corporate bonds).
- **Ancillary Financing:** Loans or credit facilities granted to companies that fall within the entity’s main corporate purpose, regardless of whether they are participative loans.
- **Non-Qualifying Equity Stakes:** Minority stakes in listed companies or companies operating in restricted sectors (such as pure real estate or financial services), provided they comply with general risk diversification and concentration limits.
- **Operational Fixed Assets:** For self-managed entities, up to 20 % of the share capital can be invested in the physical assets necessary for the management of the company (e.g., offices and equipment).



3.2 Foreign SCR Equivalence Regime

If a foreign entity (e.g., a UK Limited Partnership, or a Delaware LP) wants to co-invest or be treated as a peer under Law 22/2014 – particularly for tax transparency or regulatory “look-through” purposes – it must meet the equivalence requirements. To be considered an Equivalent Foreign Entity in the eyes of the CNMV and the Spanish Tax Agency (AEAT), the foreign SCR must satisfy the following requirements.

3.2.1 Jurisdictional Requirements

- EU/EEA Member State: Entities from the EU benefit from the AIFMD Passport.
- Third-Country Entities: Must be from a jurisdiction that:
 - a. Is not on the FATF (Financial Action Task Force) blacklist.
 - b. Has a Tax Cooperation Agreement (exchange of information) in place with Spain.
 - c. Maintains a Cooperation Memorandum of Understanding (MoU) between the home regulator and the CNMV.

3.2.2 Structural & Regulatory Requirements

The foreign entity must demonstrate it is “equivalent” in substance to a Spanish SCR:

- **Closed-Ended Nature:** The entity must be a closed-ended collective investment scheme (investors cannot redeem capital at will before the end of the fund’s life).
- **Regulated Status:** It must be authorized and supervised by a competent authority in its home country as an Alternative Investment Fund (AIF).
- **Management:** It must be managed by an authorized AIFM (Alternative Investment Fund Manager).
- **Investment Policy:** Its bylaws must mandate an investment policy similar to the Spanish “Venture Capital” definition (investing in unlisted companies to provide growth capital).

3.2.3 The Comparability Analysis

For certain tax benefits (like the 99 % CIT exemption on capital gains), a foreign SCR may be required to undergo a comparability study to prove it follows the same diversification and investment rules as a Spanish SCR (e.g., not investing more than 25 % of assets in a single company).



3.3 Why Investment under Law 22/2014 and Co-investment are often linked

In the Spanish ecosystem, Investment under Law 22/2014 usually comes up in these three co-investment scenarios:

3.3.1 Public-Private Partnerships

Many Spanish public vehicles (like ICO-Axis or Fond-ICO Global) will only co-invest with funds that are either Spanish SCRs or foreign “Equivalent Entities” under Law 22/2014. If the investor isn’t “under the Law”, it can’t access the public matching funds.

3.3.2 The “Main” vs. the “Follower” Rule

To benefit from the 99 % tax exemption, a foreign entity often needs to prove it is investing alongside a regulated Spanish vehicle or following the same strict diversification ratios (the 60/40 rule) defined in the Law.

3.3.3 Institutional LP Requirements

If a Spanish pension fund is an investor (Limited Partner) in a foreign fund, that foreign fund often agrees to operate “under the Law 22/2014” principles so the pension fund can meet its own regulatory requirements for “qualified investments”.

To benefit from the 99 % tax exemption, a foreign entity often needs to prove it is investing alongside a regulated Spanish vehicle or following the same strict diversification ratios (the 60/40 rule) defined in the Law.



3.4 Case Studies:

3.4.1 Institutional & Sovereign Co-Investment

High-net-worth institutional investors — such as a **Sovereign Wealth Fund (SWF)** from the Middle East, a **Canadian Pension Fund**, or a large **Latin American Family Office (FO)** — may want to utilize the Law 22/2014 framework when entering the Spanish market through a local Venture Capital vehicle.

To exemplify the strategic choice between the Standard Path and the Regulated Path, consider the following hypothetical case:

- **The Investor:** A Canadian Pension Fund (or an Abu Dhabi-based Sovereign Wealth Fund) with a mandate to deploy €100 million into Southern European technology and infrastructure.
- **The Target:** A Spanish "scale-up" in the green energy sector (Series C) seeking a €40 million lead investment.
- **The Strategy Comparison:**

➤ Option A - *The Strategy Comparison*

The Standard Path (Direct Investment)

- The Pension Fund invests directly from its Canadian vehicle.
- While the entry is fast (no CNMV registration), the exit is governed by the Double Taxation Treaty (DTT). Furthermore, it cannot easily "blend" its capital with Spanish public matching funds.

➤ Option B - *The Strategy Comparison*

The Regulated Path (Co-investment via Law 22/2014)

- The Pension Fund partners with a local Spanish SGEIC (Management Company) to create a "side-car" vehicle registered as a Spanish FCR (Venture Capital Fund).
- Regulatory Advantage:
 - By operating under Law 22/2014, the vehicle enjoys the 99 % Corporate Income Tax exemption on capital gains.
 - This regulated status makes the investment eligible for Spanish public matching funds.
 - In the event of an audit (comparability testing), the Fund can point to its adherence to the Spanish 25 % diversification and 60 % investment ratios to prove it is "objectively comparable" to a Spanish institutional investor, safeguarding its tax-neutral status.

Conclusion of the Case:

Most Sovereign and Pension funds in 2026 choose Option B. Although the administrative burden is higher (requiring a local manager and CNMV filing), the combination of tax certainty and the ability to anchor local ecosystems alongside Spanish public capital provides a superior net IRR.

3.4.2 US-based Limited Partner (LP):

Such as a mid-sized private equity fund, a wealthy family in Miami, or a tech-focused VC from California.

- **The Investor:** A **Texas-based Family Office** or **Boutique VC** with \$25 million allocated to European “Deep Tech”.

- **The Target:** A Spanish-based startup specializing in encrypted cloud storage (Series B).
- **The Strategy Comparison:**

➤ Option A - *The Strategy Comparison*

The Standard Path (Direct Investment)

- The US Family Office invests directly from its Delaware LLC.
- As a non-EU investor in a strategic sector (Cybersecurity), the US entity faces a **mandatory FDI Screening** process. Furthermore, the exit is governed by the US-Spain Double Taxation Treaty, which often involves administrative delays in reclaiming withheld taxes. Finally, it will hardly access Spanish public matching funds.

➤ Option B - *The Strategy Comparison*

The Regulated Path (Co-investment via Law 22/2014)

- The US LP partners with a local **Spanish SGEIC** (Management Company) to subscribe a dedicated “side car” **Spanish FCR** (Venture Capital Fund).
- Regulatory Advantage:
 - **Tax Efficiency:** By operating under Law 22/2014, the FCR enjoys a 99 % Corporate Income Tax exemption on capital gains, providing a cleaner flow-through of profits to the US.
 - **Potential FDI Streamlining (RD 571/2023):** If the US LP remains a passive investor (no voting rights / no access to sensitive/strategic information or data), the Spanish SGEIC is legally deemed the “investor” for screening purposes.
 - **Capital Leverage:** This regulated status allows the US LP to leverage its capital by applying for matching funds (e.g., Fond-ICO Next or the FOCO-Foreign Co-investment Fund), potentially doubling its deployment capacity in the Spanish ecosystem.

Conclusion of the Case:

For US LPs, Option B is often the preferred route for “strategic” sectors. While it requires delegating management to a Spanish SGEIC and meeting CNMV filing requirements, the potential reduction in FDI screening friction and the ability to neutralize tax leakage at the source makes it a competitive vehicle for non-EU capital.



3.5 The SME-Venture Capital (SCR-PYME) regime

The SCR-PYME (Venture Capital Company for SMEs) is a specialized sub-category of the standard SCR. While it offers some administrative simplifications, it is governed by stricter investment and diversification ratios.

SCR-PYMEs are often the preferred vehicles for Spanish Tax Incentives and public grants. To prevent abuse of these incentives, the law forces the fund to stay hyper-focused on small businesses.

3.5.1 The Ratio Differences: SCR vs. SCR-PYME

Under Law 22/2014, the Mandatory Ratio (the portion of the fund that must be invested in qualifying startups/SMEs) is higher for the SME-focused vehicle, and the diversification rules are more rigid.

Rule	Standard SCR	SCR-PYME
Mandatory Ratio	60 % of assets in qualifying companies	75 % of assets in qualifying SMEs(*)
Concentration Limit	25 % max in a single company / 35 % in a group	40 % max in a single company(**)
Target Size	Any unlisted non-financial company	Only SMEs(***) < 499 employees ≤ €50 MIL Annual Turnover; or ≤ €43 MIL Total Assets
Participative Loans	Up to 100 % of the 60 % ratio	Up to 100 % of the 75 % ratio

- **Directing capital:** The 75 % ratio ensures that funds using this specific “SCR-PYME” label don’t deviate into “Growth” or “Late-stage” investments in larger companies.
- **SCR-PYME Concentration:** This is a significant advantage over standard SCRs, as it allows these smaller-focused vehicles to “double down” on a single high-performing startup.
- This “Mid-Cap” definition is now the standard for Spanish venture capital, specifically to help companies that have grown past the traditional EU 250-employee limit but still need scale-up capital.

3.5.2 Strategic Implications for Co-investment

If the investor is a foreign investor co-investing with an **SCR-PYME**:

- **Stage Certainty:** Co-investing with an SCR-PYME guarantees the target meets strict Mid-cap SME criteria (< 499 employees), aligning naturally with Seed and Series A strategies.
- **Follow-on Capability:** While initial entry is restricted to SMEs, the SCR-PYME can typically support "Bridge" rounds for existing portfolio companies even if they exceed SME size limits, ensuring they aren't forced to drop out of winners too early.
- **Capital Concentration:** The higher concentration limit (**40 % vs. 25 %**) allows the SCR-PYME to take a larger "bite" of a funding round. For foreign investors, this reduces "syndicate fatigue" by requiring fewer co-investors to close a substantial round.
- **Example:** In a €10 million round for a company with a €20 million post-money valuation, a standard SCR might be capped by its own internal diversification rules, whereas an SCR-PYME can technically provide a much larger portion of that capital. This makes them more "stable" lead investors for foreign funds looking for a strong local partner.



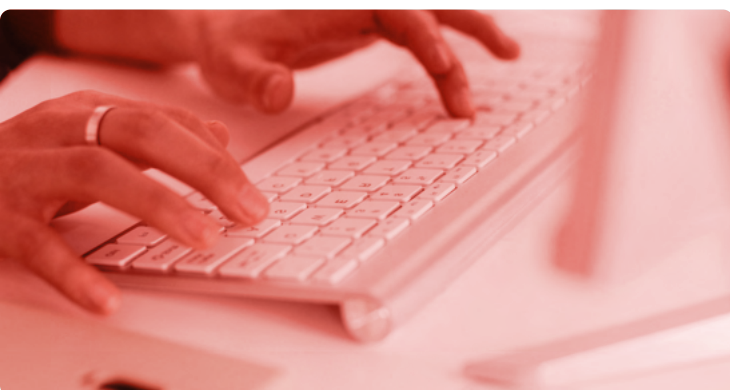
3.6 How foreign SCRs have been investing in Spain under Law 22/2014

3.6.1 Foreign Alternative Investment Funds (FCREs / EuVEECAs)

These are non-Spanish investment vehicles (typically domiciled in Luxembourg, Ireland, or France) that utilize the EU "passport" to operate in Spain. They are officially listed in the CNMV's Register of Foreign Collective Investment Schemes (Instituciones de Inversión Colectiva Extranjeras).

- **What they are:** These entities (such as EuVEECAs or FCREs) leverage the European Venture Capital Fund Regulation to market to Spanish investors and invest in Spanish startups while remaining primarily supervised by their home-country regulator (e.g., the CSSF in Luxembourg or the AMF in France).
- **Legal Basis:** They operate under Directive 2011/61/EU (AIFMD). Under Law 22/2014, they are treated as "comparable" to Spanish SCRs, allowing them to benefit from similar tax advantages (such as the 99 % exemption on capital gains) provided they meet specific "equivalence" criteria set by the Spanish Supreme Court.

NOTE: The Supreme Court's "comparability" doctrine has become an important topic. The Court ruled that if a foreign fund is "comparable" to a Spanish one, the Spanish Tax Agency cannot discriminate against them (See Section 3.7 below).
- **Volume:** As of March 2026, the CNMV's registry continues to see robust activity. There are hundreds of registered foreign AIFs (over 400 specialized venture/private equity vehicles). The list is updated daily with new entries from major US and UK global managers (using EU-domiciled sub-funds) and specialized European boutiques.



3.6.2 Foreign Managers (AIFMs) with Spanish Branches

While many managers invest via "Free Provision of Services" (cross-border), several global private equity and venture capital leaders have established a **permanent regulatory presence** in Spain. This allows them to manage Spanish-domiciled funds (SCRs/FCRs) or provide investment services directly from a local base.

- **The Registry:** These entities are listed in the CNMV's specific register: "Sociedades Gestoras de IIC/AIF del Espacio Económico Europeo con Sucursal" (EEA Management Companies with a Branch).
- **Operational Context:** By establishing a branch, these managers effectively integrate into the Spanish financial ecosystem. They operate under the AIFMD passport, but for practical and tax purposes, they are supervised by the CNMV regarding their local conduct of business, while their "home" regulator (e.g., in Luxembourg or France) remains responsible for their overall prudential supervision.

3.6.3 Foreign-based Limited Partners (LP) through a Spanish FCR (Venture Capital Fund)

Spanish regulated venture firms frequently manage capital for non-EU investors (e.g., foreign Family Offices or VCs) as illustrated in section 3.4.2 above). To utilize this structure, the following phases are necessary before the vehicle is officially registered:

- I. **Institutional Onboarding and AML:** The Spanish SGEIC must perform a "Know Your Customer" (KYC) and Anti-Money Laundering (AML) audit on the foreign entity.

- II. **The Contractual "Side-Car" Design:** The foreign entity and the Spanish SGEIC negotiate the **Limited Partnership Agreement (LPA)** or its Spanish equivalent, the Reglamento de Gestión. This is usually where, provided a "FDI Buffer" is pursued, clauses are drafted ensuring the LP has no decision rights over strategic decisions and no access to strategic or sensitive information on the target/s. Also the LPA defines the "Carry" (performance fees) and Management Fees the LP will pay the SGEIC for "renting" the regulatory license.
- III. **Operational Infrastructure:** An FCR is a "pool of assets" which needs a "body" to function:
 - **Appointment of the Depositary:** The SGEIC reaches an agreement with usually a Spanish Bank to act as the Fund's Depositary. The bank's role is to keep the LP's cash and "watch the manager."
 - **The Auditor:** A top-tier auditing firm must be appointed to certify the fund's annual accounts, which is a mandatory requirement for the CNMV filing.
- IV. **CNMV Filing:** Following completion of the previous phases, the SGEIC submits the formal application to the CNMV, which includes:
 - **The Prospectus (Folleto):** Detailing the investment strategy (e.g., "Deep Tech in Spain").
 - **The Management Regulations:** The legal "manual" of the fund.
 - **The Solvency Proof:** Evidence that the SGEIC has enough capital/insurance to manage capital deployed by the vehicle.



3.7 Formal Requirements

Setting up a foreign Venture Capital entity (SCR/ FCR) to operate in Spain involves a transition from "regulatory permission" (the EU Passport) to "operational reality" (NIFs, Bank Accounts, and Notaries). The process has been streamlined for startups and investors by the "Crea y Crece" Law (Law 18/2022).

3.7.1 Phase 1: Regulatory Entry (The "Passport")

If the investor's fund is an EU-based AIF (Alternative Investment Fund), the first step is handled at the regulator level.

- **EU Passport Notification:** The investor's home regulator (e.g., Luxembourg's CSSF) sends a notification to the CNMV.
- **CNMV Registration:** Once received, the CNMV assigns a registration number in the Registro de Instituciones de Inversión Colectiva Extranjeras.
- **Timeframe:** Usually **1–2 months** for the communication between regulators.



3.7.2 Phase 2: The "Paperwork"

To sign a deal in Spain, the fund and its representatives must "exist" in the Spanish tax and administrative systems. This is where most foreign investors encounter delays:

Requirement	Description	Formalities
Power of Attorney (PoA)	A document granting a local lawyer or representative the power to act on behalf of the fund.	Must be Notarized and Apostilled (Hague Convention).
Corporate NIF	The Tax Identification Number for the foreign fund/entity (NIF "N").	Requires a Certificate of Good Standing from the investor's home registry (Apostilled + Sworn Translation).
Representative NIE	The Foreigner Identification Number for the individual signing the deeds.	Can be obtained via a Spanish Consulate or in person at a Police Station in Spain.
Sworn Translations	Any document not in Spanish (Bylaws, Registry certificates).	Must be done by an Official Sworn Translator (Traductor Jurado) recognized by the Spanish Ministry of Foreign Affairs.

NOTE THAT: Spain's Law 28/2022 (Startup Law) and subsequent digital reforms have specifically targeted the "paperwork wall" that used to slow down foreign investors.

There is a less burdensome reality for a foreign SCR investing in Spain:

- **The "NIE" is no longer mandatory for many investors:** Under the Startup Law, foreign investors in "emerging companies" (startups) no longer need a NIE.
- **The investor can now apply for a NIF (Tax ID) electronically.** This is a purely administrative number for tax purposes that does not require the police-level background checks or physical presence that the NIE once did.
- **Electronic NIF for Foreign Entities:** A foreign fund can now obtain its Spanish NIF through a simplified electronic procedure. The investor still needs a representative in Spain (usually the investor's lawyer), but the "Certificate of Good Standing" and other home-country documents can often be submitted digitally if they have an electronic signature or verifiable CSV code.
- **Simplified Powers of Attorney (PoA):** While the investor still needs a PoA to sign the public deed at the notary, Law 18/2022 (Crea y Crece) introduced a move toward standardized PoA models.
- **Standardized Faculties:** The law encourage the use of "encoded" powers of attorney. Instead of a 10-page custom document, the investor can use standardized templates with specific codes for common investment actions (like "capital increase" or "signing a SHA").

3.7.3 Execution

In Spain, venture capital investments are almost always formalized via a Public Deed (Escritura Pública).

- **Notarization:** The local representative (using the PoA) appears before a Spanish Notary to sign the investment documents (e.g., Investment/SHA agreements, capital increase, By-Laws and other Target's corporate resolutions, etc.).
- **Anti-Money Laundering (AML):** The investor must provide an "Acta de Titularidad Real" (Declaration of Beneficial Ownership).





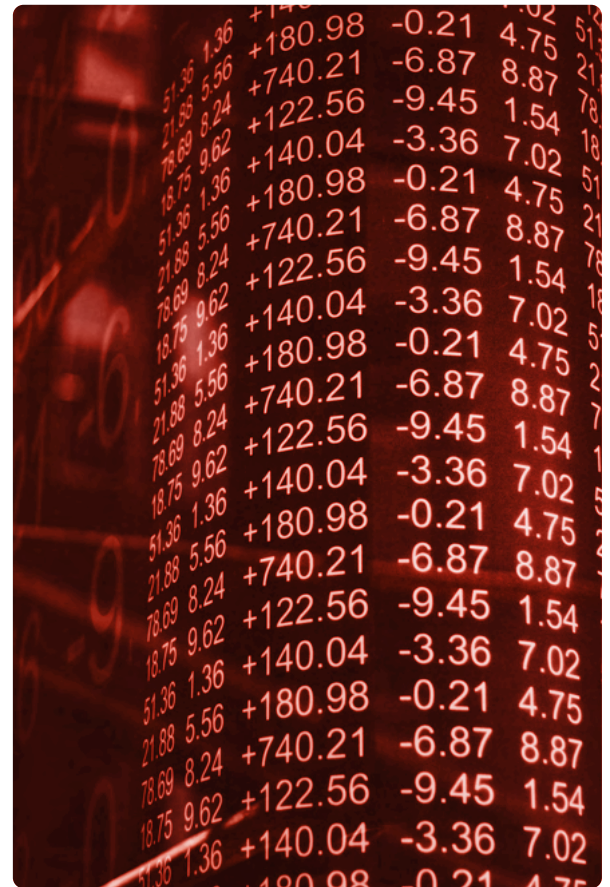
3.8 Tax Treatment of Spanish SCRs/FCRs (and Qualifying Foreign Equivalents)

The existing Spanish tax landscape for Venture Capital is defined by a "99 % Exemption" rule and a series of Court rulings that have opened these benefits to foreign funds that can prove they are "comparable" to Spanish ones.

3.8.1 The 99 % exemption

Spanish SCRs and FCRs (and foreign equivalents that meet the requirements) do not pay the standard 25 % Corporate Income Tax (CIT) on their primary profits.

- **Capital Gains:** There is a 99 % exemption on gains derived from the sales of shares in portfolio companies.
 - a. **Requirement:** The shares must have been held for a minimum of 1 year and a maximum of 15 years (extensions to 20 years are possible with CNMV authorization).
 - b. **Effective Tax Rate:** This results in an effective tax rate of approximately 0.25 % on the gain.
- **Dividends:** The exemption level depends on the nature of the investment:
 - a. **100 % Exemption:** Applies to dividends received from companies that form part of the entity's Mandatory Investment Ratio (the 60 % or 75 % core assets), regardless of the ownership percentage or holding period.
 - b. **95 % Exemption:** Applies to dividends from "Unrestricted" holdings (the 40 % or 25 % bucket), provided the general requirement of a 5 % stake held for at least one year is met. This results in an effective tax rate of 1.25 %.



3.8.2 Foreign Fund "Comparability" (the 1 % Rule)

A major recent development is the maturity of the Comparability Doctrine. Following several Supreme Court rulings, foreign Alternative Investment Funds (AIFs) no longer need to be Spanish domiciled to seek the reduced tax rates applied to Spanish funds (typically 1 %).

To benefit, the foreign fund must prove:

- **Regulatory Equivalence:** It is authorized by a supervisory authority in its home country (e.g., CSSF in Luxembourg, AMF in France).
- **Manager Status:** If EU-based, it must be managed by an authorized AIFM under Directive 2011/61/EU.
- **Openness:** It must raise capital from the "general public" (professional investors are included but purely closed "family office" structures may face stricter scrutiny).

3.8.3 Necessary Formalities to Benefit

To actually apply these advantages and avoid the standard 19 %–24 % withholding tax on Spanish-source income, the following formalities are mandatory:

- **Tax Residency Certificate:** The investor must provide a certificate from the investor's home country's tax authority specifically mentioning the relevant Double Taxation Treaty with Spain.
- **Form 210 (Modelo 210):** Foreign entities without a permanent establishment must use this form to claim treaty benefits or refunds on withholdings.
- **Formal Communication to the AEAT:** The investor must formally notify the Spanish Tax Agency (AEAT) that the investor is opting into the Special Tax Regime for Venture Capital. This is usually done via a census declaration (Model 036).
- **Separate Accounting:** The entity must maintain clear, separate accounting records that distinguish between income that qualifies for the 99 % exemption and income that does not (like interest from standard loans, which is taxed at the general 25 % rate).

NOTE: If the investor is a manager of these funds resident in Spain, Law 28/2022 (Startup Law) introduced a favorable regime for Carried Interest:

- **The Benefit:** 50 % of the income from carried interest is exempt from tax, provided the investment is held for at least 5 years and is contingent on a minimum return for other investors (a "hurdle rate").

Summary Tax Treatment Comparison

Income Type	Standard Foreign Investor	Qualifying SCR/Foreign Equivalent
Capital Gains	19 % (DTT may reduce)	0,25 % (effective)
Dividends	19 % (DTT may reduce)	0-1,25 % (effective)
Interests	19 %	25 % (standard CIT applies)



D

BOX. PUBLIC INSTRUMENTS FOR FOREIGN INVESTORS

1. CDTI [↗](#)

2. ICO [↗](#)

3. COFIDES [↗](#)

4. SETT [↗](#)



1. CDTI (CENTRE FOR THE DEVELOPMENT OF INDUSTRIAL TECHNOLOGY)



INNVIERTE Programme

The CDTI operates the INNVIERTE programme, an initiative aimed at fostering business innovation by supporting venture capital investment in technology based or innovative companies. This entity, created within the framework of the Spanish Science, Technology and Innovation Strategy, is a closed-end collective investment company, self-managed and supervised by the National Securities Market Commission (CNMV).

Innvierte has a co-investment initiative designed to participate in investment rounds alongside professional private investors. These may include investors supervised by an OECD regulator (under the CNMV, these are considered venture capital entities and investment companies) as well as more corporate-oriented investors or family offices with professionalised investment activity. It is a venture capital instrument under a public-private co-investment model, designed to act as an investor alongside a professional private investor that must be previously accredited. Its objective is to support Spanish startups and scaleups, with a strong focus on deep-tech and science and technology-based companies.

In addition to the co-investment initiative, Innvierte manages its participation in several venture capital funds that invest in technology-based or innovative companies across different sectors and growth stages. As an anchor investor, Innvierte ensures that the vehicles in which it participates meet the following requirements:

- Alignment with Innvierte's strategy (technology specialisation)
- Majority of investment in Spanish companies (registered office and strategic activity in Spain)
- Majority of private commitments
- Minimum fund size: €50 million
- Maximum Innvierte commitment: 30 % of total commitments
- Minimum Innvierte investment: €10 million
- Innvierte must represent at least 10 % of the total size of the vehicle or fund

2. ICO (OFFICIAL CREDIT INSTITUTE)



Fond-ICO Global

Fond-ICO Global is a public fund-of-funds for private equity/venture capital created in Spain, currently endowed with €4,5 billion, with the objective of developing and consolidating the ecosystem of privately managed venture capital funds that invest in Spanish companies at all stages of development—from early phases to expansion, growth and debt. The programme was created to strengthen the Spanish VC sector and is now one of the most effective and relevant instruments in the industry, with a strong capacity to attract both domestic and international private investors and to consolidate the development of the Spanish entrepreneurial ecosystem.

Fond-ICO Global invests in private venture capital funds financing Spanish companies from the earliest stages through to advanced development phases: technology transfer, incubation, venture capital and expansion. The investments supported by Fond-ICO Global place special emphasis on promoting sustainable and digital transition. Across its seventeen calls for proposals, 154 private funds have been selected to receive up to €5.326 billion in commitments. It is estimated that the multiplier effect of Fond-ICO Global, together with private sector investments, will inject €14.407 billion into Spanish companies.



3. COFIDES



3.1 Fondo de Coinversión (FOCO)

The Co-Investment Fund (FOCO), with an initial allocation of €2 billion, aims to boost the development of investments in Spain that contribute to the green and digital transition, as well as technological innovation, through equity co-investments with international investors. Since its creation, FOCO has invested in areas such as renewable energy generation and storage, digitalisation, the aerospace sector, green hydrogen, sustainable mobility and deep tech, among others. The fund manager must be domiciled in the EU, the UK or Switzerland.

FOCO may invest in eligible companies directly or indirectly through commitments to national or international investment funds that mobilise resources from foreign investors, both private and public, provided that at least twice the amount invested by FOCO is allocated to investments in Spain within eligible sectors.

Key parameters:

- Ticket size: €10 – €150 million per beneficiary
- Maximum public-sector ownership: 49 % of equity (applies to direct and indirect investments)
- International investor(s) required: Must contribute at least the same amount as FOCO
- Investment modalities: Equity or quasi-equity (shareholder loans)
- Minority position: FOCO will not take part in management, although board representation is possible
- Minimum size of investment vehicles: €100 million



3.2 Fondo de Impacto Social (FIS)

The Social Impact Fund (FIS), initially endowed with €400 million, aims to strengthen Spain's impact economy through participation in impact funds as well as direct financial support—equity or debt—to social economy entities. FIS has invested in operations addressing social and environmental challenges such as labour inclusion for people with disabilities, care for dependent individuals, mental health, circular economy and social housing for vulnerable groups.

FIS may invest indirectly through commitments to national or foreign investment funds, provided that the final beneficiaries are entities or companies developing projects that qualify as social and/or environmental impact investments in Spain and that have operations in Spain dedicated to managing their investments. These funds or vehicles must aim to achieve a positive and measurable social and environmental impact along with financial return.

Key parameters:

- Ticket size (indirect investment): FIS may commit up to €50 million per fund or investment vehicle. The minimum investment may not be below €2 million, except in justified cases due to the singularity of the fund.
- Maximum public-sector ownership: 49 %
- Investment modalities: Equity, quasi-equity, debt.

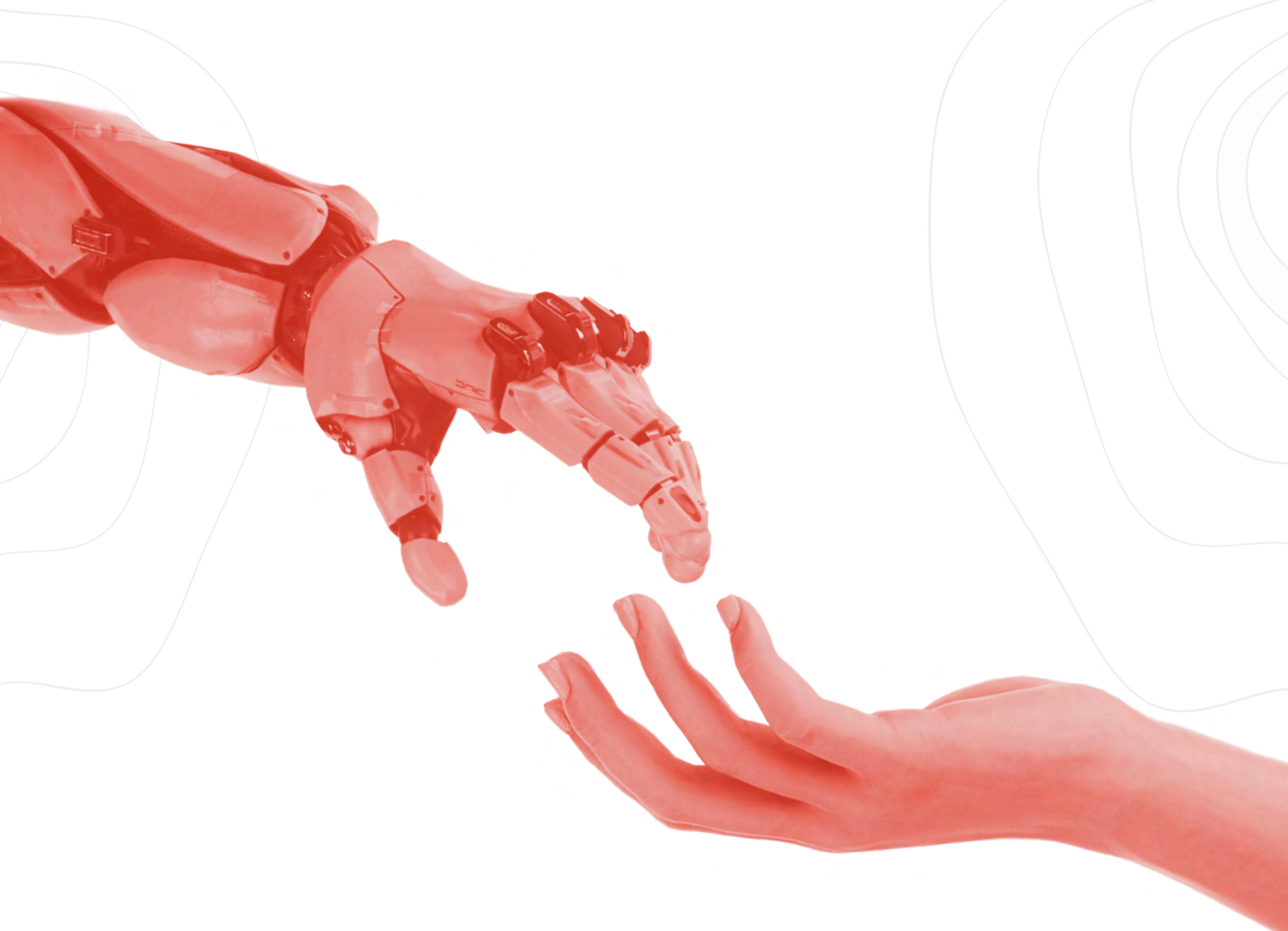
4. SETT (SPANISH SOCIETY FOR TECHNOLOGICAL TRANSFORMATION)

SETT drives business consolidation through direct and indirect investments in breakthrough digital technologies. SETT has invested in companies in the areas of quantum technologies, artificial intelligence, cybersecurity, digital transformation of strategic sectors, advanced telecommunications, microelectronics and semiconductors and the audiovisual sector.

A core pillar of SETT's operational strategy is the proactive creation of strategic private-sector partnerships with investors designed to catalyze high-impact co-investment opportunities to bridge the funding gap for critical technological advancements.

Key parameters:

- Targeting scale-ups driving market consolidation and startups with disruptive technologies
- Investing in vehicles with a demonstrated track record across SETT's priority sectors
- SETT may hold a minority stake in a company or investment vehicle
- Direct investment modality: Equity or quasi equity







ICEX

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