LAW TO SUPPORT ENTREPRENEURS AND THEIR INTERNATIONALISATION
ENTREPRENEUR SUPPORT PLAN

• **Strategic Lines of Action:**
  
  • To facilitate entrepreneurial culture and initiative
  • Tax and social security support for entrepreneurs
  • Support to help finance entrepreneurs
  • To foster business growth and new hirings
  • To foster the internationalisation of Spanish companies and economy
Driving entrepreneurship and self-employment of young people:
- **50€ flat rate** Social Security contribution for new self-employed contributors under the age of 30.
- **Compatibility of unemployment benefits** with start of entrepreneurial activity.
- Extension of possibility to **capitalise unemployment benefits** and return to collecting benefits after engaging in entrepreneurial activity.

**Tax incentives:**
- **Specific incentives for new companies and entrepreneurs commencing a business activity**, for two tax years, as from first positive tax year:
  - Corporate Income Tax: reduced rate of 15%.
  - Personal Income Tax: 20% reduction on net profit.
- **Full Personal Income Tax exemption on capitalised unemployment benefits** for unemployed who decide to embark on entrepreneurial activity.

**Funding:**
- **ICO** credit lines aimed at **SMEs**: 22 billion euros.
- Drive investment in the **Alternative Stock Market** (Spanish acronym: MAB).
- Foster **development of alternative markets** specialised in corporate debt.
- **Supplier Payment Plan**: 28.46 billion euros paid out in two phases.

**Foster business growth and new hirings:**
- **Entrepreneur Support Contract**: Permanent employment contract incentivised with tax deductions and benefits for new hirings by SMEs (up to 4,500€).
- **Recruitment incentives**: Up to 100% reduction in corporate social security contributions for new hirings recruited by self-employed and micro-enterprises.
- **Promote internationalisation of businesses**: Reform of the network of bodies that support internationalisation and measures to boost **credit for exports**.
• **Registration of entrepreneurs:** Since 1 March 2013, more than 30,000 new young self-employed workers have registered.

• **Tax incentives:** More than 75,000 new companies and self-employed workers can make annual savings of more than 180 million euros in total.

• **Supplier Payment Plan:** Settlement of 5.6 million outstanding invoices from almost 150,000 suppliers by regional governments and local authorities via the first Supplier Payment Plan in 2012 and extension thereto approved in 2013.

• **Entrepreneur support contract:** 102,513 new contracts signed since February 2012, more than 40% with young people. 25,253 signed so far in 2013.

• **Training and apprenticeship contract:** 27,678 contracts signed from January to April 2013. A 73.3% increase on same period of 2012.

• **Work experience contracts:** 12,064 contracts signed from January to April 2013. A 23.08% increase in number of contracts signed this month compared with 2012.

• **Greater SME weighting in export sector:** In 2012, the number of companies whose exports did not exceed 50,000 euros increased by 15%, accounting for 73% of the total.
ENTREPRENEUR ACT (I)

To facilitate entrepreneurial culture and initiative

- **To foster entrepreneurial spirit within the education system**: Incorporation of specific objectives at all levels of education to foster entrepreneurial initiative, skills and training.

- **Limited liability entrepreneur (Spanish acronym: ERL)**: Liability from business debts will not affect the primary residence, provided its value is under 300,000 euros.

- **Limited liability capital growth company (Spanish acronym: SLFS)**: Possibility of incorporating companies with less than 3,000 euros of share capital, under certain conditions that ensure third parties are protected and oblige the company to strengthen its equity.

- **Speeding up the incorporation of companies**:
  - **Entrepreneur service points**: One-stop window, that will unify VUE, VUDs and PAIT, through which all administrative procedures can be carried out for the start, exercise and termination of corporate activity.
  - **Incorporation of limited liability companies**, more flexible, quicker and more efficient, through simplified paperwork and telematic processes (using the DUE and the CIRCE telematic processing system).

- **Second chance**:
  - Fast-track and efficient out-of-court mechanism for negotiating debts designed for entrepreneurs with imbalances between their assets and liabilities.
  - Greater protection for limited liability self-employed workers and business owners facing seizure procedures from tax and social security authorities that affect their primary residence.
Application of cash-accounting VAT for the self-employed and SMEs:

- A special voluntary regime for cash accounting VAT for self-employed and SMEs is established, which allows VAT to be paid when the invoice is collected rather than when it is charged.
- Almost **1.3 million self-employed** and more than **1 million SMEs** may benefit under this system.

Corporate Income Tax incentives for investment

- **To foster reinvestment of profits in economic activity:** Companies with a turnover of less than 10 million euros may deduct up to 10% of profits obtained in the tax year in which they reinvest in economic activity. This regime will also apply to the self-employed.
- **Tax benefits for investment in R&D+i:** R&D+i deductions applied during the year may be recovered through a unique tax return system in Spain.
- **Extension of tax incentives for certain intangible assets** (Patent Box): Revenue obtained from their assignment will enjoy a tax reduction of up to 60%.

Promotion of business angels through Personal Income Tax incentives:

- **Tax benefits for individual investors** that temporarily participate in new and recently incorporated companies (seed capital and business angels).
  - **20% deduction in State Personal Income Tax quota,** for investment made in company. Maximum base for deduction of 20,000 euros per annum
  - **Full capital gains exemption on exiting company,** provided reinvestment made in another new or recently incorporated company.

Fostering multi-jobbing: With reductions in social security contributions.
• **Internationalisation covered bonds**: Asset secured by loans earmarked for internationalisation of companies or for exports.
  • Regulation on *internationalisation covered bonds* is streamlined and made more flexible.
  • New more flexible instrument created: “*internationalisation bond*”.

• **Flexibility in refinancing agreements**
  • *Flexibility and legal certainty* in procedures for appointing independent expert.
  • *Reduction in majorities required* for approval of agreement.
Reduction in administrative burdens

- Periodic review of business climate and proposal for regulatory improvements.
- "One in-One out" Clause: Each administrative burden introduced must be offset by the removal of at least one burden with an equivalent cost.
- Specific measures for reducing administrative costs:
  - Reduction in charges for State statistics services and for managing occupational risk prevention.
  - Reduction in accounting costs, extending the possibility of drawing up abbreviated balance sheet.
  - Possibility of telematic legalisation of compulsory books at Companies Register.
  - Availability of a new electronic visit book for labour inspections.

Access by entrepreneurs to public sector contracts

- Facilitate contact between small entrepreneurs that wish to form joint ventures by registering them in the Official Register of Bidders and State Classified Companies.
- Increased thresholds for classification requirements in public contracts for specific work and for services.
- Adaptation of system of collateral to possibilities of entrepreneurs for public sector contracts.
- Simplification of paperwork: The initial submission of documentation substantiating compliance with conditions for submitting a bid may be replaced by a declaration of responsibility.
- Express prohibition on discrimination in favour of previous contractors.
- Fight against late payment: Reduction in term for contractor to terminate contract.
ENTREPRENEUR ACT (V)
Internationalisation of companies and of economy

- **Strategic Plan for Internationalisation of Spanish Economy:** This will include a **system to evaluate and oversee** its instruments.

- **Strengthening of internationalisation support bodies:**
  - **Scope of action of foreign and regional network** of Ministry of Economic Affairs and Competition is boosted.
  - **Role of ICEX España Exportación e Inversiones** [Spanish export and investment service] **is strengthened**.

- **Improved financial instruments to support internationalisation:** Foreign Investment Fund (Spanish acronym: FLEX), Fund for Internationalisation of Companies (Spanish acronym: FIEM) and Agreement for Reciprocal Balancing of Interests (Spanish acronym: CARI).

- **Greater access by companies to public tender projects of international financial institutions** in other countries.

- **Attract investment and talent to Spain,** by facilitating and speeding up **issue of resident permits** for:
  - Investors of significant economic or general interest sums of money.
  - Entrepreneurs engaged in innovative activities with a special economic interest, which particularly focus on job creation.
  - Highly qualified professionals.
  - Foreigners that relocate to Spain within a framework of labour or professional relations, or for reasons of vocational training, for the entire duration of the relocation.
**START-UP IN 3 – PUBLIC ADMINISTRATION SERVICES**

- **System of telematic administration for incorporation and start-up of a business activity:**
  
  - Platform developed with the **participation of central government, regional governments and local authorities**, represented by the Spanish Federation of Municipalities and Provinces (Spanish acronym: FEMP).
  
  - Enables completion of **paperwork necessary with all three tiers of government simultaneously**: The system notifies local councils of the model declarations of responsibility.

  - It uses **technological resources already available to the public authorities**, thus incurring no form of implementation costs.
    
    - CIRCE: information system under the Ministry of Industry, Energy and Tourism.
    - SARA network: which connects with all the Spanish public administration services.
    - Local authority portal.