



BREXIT BUSINESS PLAN: OPERATE IN EUROPE THROUGH A SUBSIDIARY OR BRANCH.

If you are looking to establish a presence within the European Union (EU) after Brexit, you may wish to consider setting up a branch or subsidiary in Spain (SP).

SPANISH SUBSIDIARY OR BRANCH: WHICH IS BEST?

The key differences to consider when choosing the type entity right for your business model, are listed below:

- i. A subsidiary is an independent legal entity, responsible only for its own liabilities and debts that it incurs and the parent company is not affected by these whereas a branch is dependent on the parent company, which will be responsible for any liability that the branch incurs.
- ii. There is no minimum share capital amount to set up a branch in Spain. In contrast, establishing a subsidiary requires €60,000 minimum share capital for a Public Limited Company (PLC) and €3,000 for a Limited Liability Company (LLC) although the Spanish media have recently published that the government intends to reduce the minimum share capital to 1 Euro.¹

WHAT ARE THE MAIN REQUIREMENTS FOR OPENING A BRANCH OFFICE OR A SUBSIDIARY IN SP?

The procedure to open a subsidiary or a branch in SP is similar. The common requirements include the following:

1. Opening a bank account in the company's name, which will be used for depositing the share capital.
2. A copy of the certificate of incorporation of the parent company.
3. Obtain (the provisional) and then keep (the definitive) tax identification NIF (*número de identificación fiscal*) at the Spanish Tax Agency.

The decision of setting up a subsidiary or a branch has to be taken by a general meeting of the shareholders of the parent company and the resolution must be legally

¹ <https://www.eleconomista.es/economia/noticias/11059767/02/21/Economia-plantea-eliminar-el-requisito-de-3000-euros-para-crear-una-empresa-.html>

translated into Spanish.

A public deed of incorporation must be granted before a Notary Public and then submitted at the Spanish Commercial Registry.

MUST I TRAVEL TO SPAIN TO SET UP A SUBSIDIARY OR A BRANCH?

Not necessarily, our team of Spanish speaking lawyers can set up for you a subsidiary or a branch in Spain on behalf of the parent company, through a Power of Attorney.

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The Brexit Law

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