

INVESTING IN SPAIN:

A PRIVILEGED WAY TO OBTAIN RESIDENCE PERMIT

In September 2013, the Spanish Government enacted legislation (Law 14/2013, of September, 27th) creating a new kind of **VISA** and **RESIDENCE PERMIT** for non EU-citizens who make some investment in Spain. The law was modified in 2015 by Law 25/2015, of July, 28th.

The purpose of this note is to briefly explain the conditions to obtain this **VISA** or **RESIDENCE PERMIT**, which indeed implies a key to access Europe.

1. THE INVESTMENT

Eligible applicants for the **VISA** and/or **RESIDENCE PERMIT** are non-resident investors who have made any of the following investments in Spain:

(I) Purchasing real estate asset in Spain representing a net investment of over Euro 500,000.

(II) An investment of:

- A value of more than **Euro 2 million in Spanish public debt**, or;
- A value of **Euro 1 million in shares** of a Spanish private company **or in a bank deposit** in a Spanish financial entity.

(III) A business project in Spain suitable to be considered "of general interest" implying: 1) creation of employment 2) socio-economic impact in the geographical area where the activity will be performed or 3) a relevant

contribution to scientific and/or technological innovation.

2. THE PERMITS

Making any of the aforementioned investments will entitle the applicant:

(I) To obtain a new kind of **VISA** enabling to enter, stay and work in Spain for one year. This **VISA** will provide the beneficiaries unrestricted capacity to move within the Schengen Area (Spain, France, Germany, Austria, Belgium, Denmark, Estonia, Finland, Greece, Hungary, Iceland, Italy, Latvia, Lithuania, Czech Republic, Liechtenstein, Luxembourg, Malta, The Netherlands, Norway, Poland, Portugal, Slovenia, Slovakia, Sweden and Switzerland).

(II) To obtain a 2-year Residence Permit, renewable for further subsequent periods of 5 years. This permit will not require the beneficiaries a minimum residence period in Spain to obtain/renew it. This means that the holder of this permit may be authorized to maintain its tax residence outside Spain.

Family members: spouse, children under 18 years old or economically dependent, and ascendants, are allowed to submit the application for a **VISA** or **RESIDENCE PERMIT** under the scope of the investment made by the head of family.

3. REQUERIMENTS FOR THE RESIDENCE PERMIT

The applicant must fulfill some general requirements in addition to others that are specific to each kind of investment.

General requirements are:

- Not have entered or stayed irregularly in Spanish territory.
- Not have been refused to enter in any of the Schengen countries.
- Be of legal age (over 18).
- Not have a criminal record in Spain or in the countries where the applicant has previously resided.
- Have a public or private health insurance with an entity authorized to operate in Spain.
- Have sufficient economic means as to cover living personal expenses as well as those of any family seeking residence.

Specific requirements in case of investing in real estate:

- In the case of a real estate investment, the applicant must prove ownership of one or more immovable properties in Spain with an overall net investment contribution above Euro 500,000. Amounts in excess of Euro 500,000 may be subject to liens or encumbrances.
- Proof of the investment must be produced through a Registry of Property certificate evidencing ownership, dated no later than 90 days before the filing of application. Alternatively, in the event the ownership title is not yet registered, through a copy of the acquisition public deed and proof of having filed the deed with the Registry.
- In case the purchase deed is not executed yet, it would be enough for the applicant to prove the existence of a preliminary contract with a warranty and a bank deposit in the amount needed for the acquisition.
- The law gives no relevance to the property acquisition date, as opposed to what happens in the

case of financial investments which are required to have been made within a certain period prior to the application.

4. OTHER ASPECTS TO CONSIDER

- The investment does not need to be materialized by the individual applicant directly. Investments made through corporations qualify, if they are controlled by the applicant and not located in a tax haven.
 - Once the investment can be channeled through a corporate vehicle, tax planning schemes can be considered to get tax efficiency:
- Holders of these permits are required to maintain the investments in Spain which justify the permits. There is no obligation to increase the investments in order to obtain renewals.
 - Paperwork to obtain the **VISA** starts at the Spanish Consulate in the country of the applicant. Thereafter, it is not necessary to travel more than once to Spain to get it. The **VISA** or **RESIDENCE PERMIT** is not subject to a minimum physical presence in Spain throughout the year.

For any further information you may require on this matter, please do not hesitate to contact us:

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