

INTERNATIONAL FOCUS



Spanish companies on the move



Over recent years we have experienced a distinct increase in Italian firms setting up operations in the United Kingdom. As a consequence we have established a dedicated desk for Italian speaking clients, assisting with all aspects of setting up and running a business in the UK.

We are beginning to see a similar phenomenon emerge from Spain.

Jordans are no strangers to Spain. For 20 years, through our office in Gibraltar, we established corporate structures designed to hold property located on the Iberian Peninsula for foreign investors and ex patriates seeking a sun soaked retirement on the coast or golf course. The structuring was straight forward and not tax driven, companies were used simply to enable foreign (e.g. UK)

lending banks to secure a reliable charge over the shares in the holding company, rather than directly over the property. In the early 1990's Spain enacted what might be seen as an early form of ATED; an "impuesto especial" targeted directly at foreign (particularly offshore) companies owning Spanish real estate. By the late 1990's Portugal had adopted a similar approach and, combined with a fall in the property market in that part of the world, property investment business drifted away.

Iberian investment today is flowing in the opposite direction, with Spanish businesses and entrepreneurs moving to the UK to take advantage of the healthy business environment, favourable administrative procedures, competitive tax costs and growing opportunities. Jordans Trust Company have a Spanish speaking team who specialise in corporate administration and accounting for UK companies, branches or subsidiaries of Spanish companies.

Our friends at Ontier SC Andrew, with Head Offices in Madrid, provide us with a summary, over the page, of the reasoning for this uptake in UK investment.



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Why Spanish Businesses are relocating to the UK?



In recent years, we have noted that the presence of Spaniards in the UK has increased significantly despite the cultural, linguistic and economic barriers. We explore here the cause of this exodus to Britain.

The answer lies in the economic crisis back in 2008, as the domestic market downturn turned the focus on the more buoyant markets abroad to secure profits and growth for the Spanish economy.

Up to that point, growth in Spain was achieved by strong domestic demand supported by economic policies that encouraged lending, investment and consumerism.

Due to this crisis and the Spanish market's downturn, the various markets abroad seemed to grow both in terms of volume and profitability, making Spanish companies eager to expand internationally.

For example Spanish businesses came to the UK due to less red tape, more commercial incentives and finance facilities offered by the government.

In Spain, such matters were not so straight forward. Despite the crisis starting in 2008, it was not until 2013 when the government finally promulgated an act focusing on and supporting the entrepreneurs and the globalisation of the Spanish businesses (Ley 14/2013, de 27 de septiembre, de apoyo a los emprendedores y su internacionalización). However the act did not provide many effective measures to aid businesses and entrepreneurs, although certain grants and business friendly amendments to the law were introduced businesses in Spain are still facing high taxes and protective labour law restrictions.

The structural reform measures implemented in Latin America also led to a welcome change in their economic model which allowed the entry and consolidation of a significant

number of Spanish companies into their market. Although the international use of English law and language and the ease of access to US, LATAM and the far and middle-east markets via the UK and London more specifically gives the UK a distinct advantage as the destination of choice for Spanish businesses. It would be interesting to see the impact of Brexit, which if happening may result in an exodus of EU companies from Britain possibly to Ireland which benefits from EU membership, English language and favourable corporate tax regime.



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