DECHAMPS ABOGADOS

MADRID · SINCE 1982

A GUIDE FOR ENTREPRENEURS AND FAMILIES

Your Holding Company in Spain (ETVE)

The ETVE explained for entrepreneurs and families with businesses in several countries

Dechamps Abogados · Madrid

Law as at 20 November 2026

ETVE SIMULATOR

Get a first estimate with the ETVE simulator

dechampsabogados.com/en/etve/simulator

dechampsabogados.com

+34 91 308 71 73 · rda@rdalex.com

The idea on one page

If you own businesses in several countries, you have probably wondered how to organise them: how to bring in a new shareholder, sell one of them or prepare the handover to the next generation without each step costing more than it should.

An ETVE is a Spanish company, an ordinary S.L. or S.A., that elects a special tax regime for holding shares in companies outside Spain. It is not an offshore company or a tax haven: it pays Spanish corporate income tax, and the regime has existed since 1995.

THREE FIGURES TO UNDERSTAND IT

95%

Dividends and gains the ETVE receives from its foreign subsidiaries **may be 95% exempt**, if the requirements are met.

1.25%

This is **the cost that remains in Spain**, as a general rule, at the 25% rate on the remaining 5%.

0

In Spain, on the way out. What the ETVE distributes to shareholders who do not live in Spain, out of that exempt income, may not be taxed in Spain if the legal conditions are met.

What happens next depends on the country where each shareholder lives. That is why this guide also explains when it is not a good fit.

How it works

A worked example with round figures. A foreign subsidiary distributes €1,000,000 to the ETVE.

Foreign subsidiary
Dividend it distributes to the ETVE — €1,000,000

↓

Withholding tax in the subsidiary's country
Assumption: 5% — − €50,000

↓

ETVE in Spain
5% not exempt × 25% — − €12,500

↓

Shareholder outside Spain
Receives it with no Spanish withholding tax — €937,500

↓

Shareholder's country
The shareholder will then be taxed in their own country, if its law so provides.

This is a simplified example: in each case what counts is the actual withholding in the subsidiary's country, the origin of the profits and the shareholder's situation.

And what the ETVE distributes to you? One option is to invest it in a private placement life insurance policy (PPLI), usually taken out with an insurer in Luxembourg, Ireland or Liechtenstein. The ETVE organises your businesses; the policy protects your financial wealth and passes it to the beneficiaries you designate, within the limits of the applicable succession law. How it is taxed depends on the country where you and your beneficiaries live: we study it with your local adviser. For these policies, René Dechamps Azanza has worked for more than 20 years with 1291 Group, a Swiss group specialising in life insurance and wealth planning. The decision is always yours.

Is it for you?

Answer yes or no. The more “yes” answers, the more sense it makes to look into it.

1	Do you own businesses in two or more countries?	☐ Yes ☐ No
2	Do the shareholders live outside Spain?	☐ Yes ☐ No
3	Do all shareholders live outside the jurisdictions on Spain's list of non-cooperative jurisdictions?	☐ Yes ☐ No
4	Do you hold, or can you hold, at least 5% of each company for at least one year?	☐ Yes ☐ No
5	Do those companies pay tax in their country at a rate of at least 10%, or does their country have a tax treaty with Spain?	☐ Yes ☐ No
6	Do you plan to reinvest, bring in shareholders, sell a company or plan for succession?	☐ Yes ☐ No
7	Are you willing for the company to be genuinely managed from Spain, with meetings and decisions here?	☐ Yes ☐ No
8	Have you checked with your adviser whether your country taxes you on the ETVE's profits even if they are not distributed?	☐ Yes ☐ No

If the answer to question **2**, **3** or **7** is “no”, the ETVE is probably not for you. If question **8** is still open, that is the first thing to check.

This test is for guidance only. The simulator on our website gives you a first estimate with your own figures: dechampsabogados.com/en/etve/simulator

What it requires

1 **Real management from Spain**

This is the key requirement. The company needs a governing body that takes decisions here, meetings in Spain and resources proportionate to the group. Support can be outsourced; the decision cannot.

2 **At least 5% of each subsidiary for one year**

Both requirements must be met at the same time.

3 **Subsidiaries that pay tax**

A nominal rate of at least 10% in their country, or a country with a tax treaty with Spain that allows the exchange of information.

4 **No tax havens**

No subsidiaries or shareholders in jurisdictions on Spain's list of non-cooperative jurisdictions.

5 **A notification to the tax authorities**

No authorisation is needed: simply notify the Spanish tax authorities of the election to apply the regime.

Every year, the ETVE files its annual accounts and tax returns like any Spanish company and keeps the evidence that it is managed from Spain.

When it is not right for you

Saying so clearly is part of our job.

If you live in Spain or plan to move here

The dividend is subject to Spanish personal income tax (IRPF) and the advantage on the way out disappears. If you plan to move, it is best to plan it beforehand.

If your country taxes you anyway

Some countries tax the shareholder on the profits of a foreign company even if they are not distributed. Examples are Mexico's REFIPRE regime or, for individuals living in the United Kingdom, the UK transfer of assets abroad rules. This must be reviewed with your adviser before setting up the ETVE.

If what you want is to invoice from Spain

Services, commissions or interest channelled to the ETVE are taxed at the general rate. The ETVE is for holding shares, not for invoicing.

If nobody is going to manage it from Spain

A company that only receives and passes on dividends puts the regime and the tax treaties at risk.

If the subsidiaries are in tax havens or are not taxed at a rate of at least 10%

As a rule, their income is not exempt.

dechampsabogados.com · +34 91 308 71 73 · rda@rdalex.com

Your country in one line

What you should know from the start. Withholding rates are maxima that apply only if the conditions of each tax treaty are met. The table continues on the next page.

Country	Tax on dividends paid to the ETVE	What the shareholder living there should check
THE AMERICAS		
Argentina	Argentine law currently withholds 7%	Its CFC rules, if you control the ETVE
Brazil	10% withholding since 2026	The rules on controlled foreign companies
Canada	5% with 10% held directly for 365 days, if Art. XXVIII.3 is met; 15% maximum	Individual: taxed on the dividend and checks FAPI. Company: FAPI and the section 113 deduction according to the relevant surplus category
Chile	35% additional tax, with a credit for the tax paid by the subsidiary	Art. 41 G, if you control the ETVE
Colombia	0% with at least 20%, depending on the origin of the profit	The controlled foreign entities regime
Costa Rica	5% with at least 20% held directly for 365 days; 12% otherwise	Territorial taxation: an individual is, in principle, not taxed
Dominican Republic	0% with at least 75% held directly; 10% maximum	Foreign income is taxed (new residents, from the third year); check the treaty exemption in Art. 22.2.a
Ecuador	15% maximum	The controlled foreign company rules (since 2024)
Mexico	0% with 10% held directly for 365 days; 10% maximum	REFIPRE
Panama	10%, 5% or 0%, depending on the shareholding and applicable conditions	Law 526 of 2026, if your holding company belongs to a multinational group
Peru	5%, no tax treaty in force	CFC rules, if you control more than 50%
United States	15%, 5% or 0%, depending on the shareholding and the LOB clause	Subpart F, NCTI and PFIC, with your US adviser
Uruguay	5%; exempt with 75% held directly for 365 days	Attribution of income from 2026, with at least 5%
Venezuela	Exempt with at least 25% if the ETVE is an S.A. (for an S.L., to be confirmed); 10% otherwise	Banks, sanctions and the current rate
EUROPE		
Belgium	Tax treaty: 15% maximum; exemption with 25% held directly for 365 days, provided Belgian law permits it and its conditions are met. Point 2 of the Protocol may restrict these benefits if non-residents of Spain hold more than 50% of the ETVE, unless it carries on substantial industrial or commercial activities other than merely holding shares (meeting the ETVE regime is not enough on its own). Separate route: the Belgian exemption implementing the Parent-Subsidiary Directive, with its own requirements	Individual: taxed on the dividend; check the «taxe Caïman» and the new Belgian capital gains tax. Company: treatment of the dividend (RDT) and the CFC regime of Art. 185/2

Your country in one line (continued)

Country	Tax on dividends paid to the ETVE	What the shareholder living there should check
France	0% with 10% (direct or indirect) for 365 days; 15% maximum	Individual: general PFU of 31.4% in 2026 (12.8% + 18.6% in social levies), unless the taxpayer opts for progressive income tax rates; Art. 123 bis CGI. Company: Art. 209 B CGI
Netherlands	0% if the Dutch exemption applies; otherwise, tax treaty: 5% if the ETVE's capital is divided into shares and it holds at least 50% (or 25% together with another Spanish company holding another 25%), 15% in other cases	Individual: box 2 with a substantial interest (generally 5%); otherwise box 3. BV: participation exemption
Switzerland	Exempt with 10% for one year and the notification procedure, subject to the 2006 Protocol limit; otherwise, 35% withholding and full or partial refund under the tax treaty	No CFC regime: an ETVE is usually a good fit
United Kingdom	0% on ordinary dividends	Individual: generally not advisable (*transfer of assets abroad*)
THE GULF AND ASIA		
Hong Kong	0%	Individuals are not taxed on dividends; company in a multinational group: FSIE regime; Spanish wealth tax
Qatar	0%	Company: the foreign dividend may be taxed at 10% (Law 11 of 2022), subject to exemptions; individual: depends on nationality and activity
Saudi Arabia	0% with 25% held directly; 5% maximum	Individual with no business activity: an ETVE is usually a good fit; Spanish wealth tax
Singapore	0%	Foreign income exempt for individuals; Spanish wealth tax
United Arab Emirates	0%	No personal income tax; Spanish wealth tax, except for UAE nationals

The full profile of each country, with its official sources, is at dechampsabogados.com/en/etve/countries/.

Three stories

1
MEXICO
SWITZERLAND

A Mexican family living in Switzerland

A Mexican couple who are tax resident in Switzerland live in Zurich. Their ETVE holds 100% of a Mexican company and 100% of a Swiss company that it set up three years ago. Each distributes €1,000,000. The Spanish tax charge is 1.25% on receipt, with no Spanish tax on the onward distribution. The 35% Swiss withholding tax is avoided with the tax treaty and the Swiss notification procedure.

Switzerland has no CFC regime, but dividends from the ETVE are taxable there. Spain does not charge wealth tax on their ETVE shares, which must still be declared for cantonal Swiss wealth tax.

2
COLOMBIA
UNITED
KINGDOM
DUBAI

A Colombian entrepreneur living in Dubai

His ETVE holds a Colombian company and a UK company. The Spanish tax charge is 1.25% on receipt, with no Spanish tax on the onward distribution, even though, as an expatriate, he has no right to the tax treaty with the Emirates, which do not tax his private dividends.

The points to watch lie elsewhere: whether Colombia accepts that he is no longer resident there, and Spanish wealth tax on his shares in the ETVE.

3
NETHERLANDS
BELGIUM ·
MEXICO

A Dutch or Belgian group with businesses in Mexico

A Dutch BV holds an ETVE, which holds a Mexican sub-holding with three operating companies. For a European parent, the way out may be exempt under the parent-subsidiary regime if its conditions are met; Article 108 may also apply if the distributed profit meets its own requirements.

What the ETVE adds is above all a regional holding company for Spanish-speaking Latin America, provided it is genuinely managed from Spain.

The process

Three to four months, from start to finish

Weeks 1–3	Preliminary analysis with your local adviser and valuation of the subsidiaries.
Weeks 2–6	Spanish tax numbers (NIE or NIF) for shareholders and directors, powers of attorney, apostilles and translations.
Weeks 4–10	Deed of incorporation, registration with the Commercial Registry and opening of the bank account, which is usually the slowest step.
Weeks 8–12	Contribution of the shares and decision to elect the ETVE regime.
Afterwards	Notification to the tax authorities, foreign investment filings and first board meeting in Spain.

Every year

Annual accounts, corporate income tax, shareholders' and board meetings in Spain, and the file proving that the company is managed from here.

What the cost depends on

The number of subsidiaries and countries, the foreign documents to be prepared, whether an audit is needed and the substance the group requires.

The incorporation and the contribution of the shares are exempt from capital duty. The capital contributed is an investment, not an expense.

Frequently asked questions

Do I have to live in Spain?

No. What must be in Spain is the real management of the company.

How much tax does Spain take on a €1 million dividend?

At the general rate of 25%, €12,500: 1.25%.

Do I need permission from the tax authorities?

No. Simply notify the tax authorities of your election.

Can I use a Spanish company I already own?

Yes, after first checking its debts, litigation and accounts.

Does it help to organise the family business?

Yes: to organise the family's shareholdings, bring in the next generation and plan for succession, with a family charter (protocolo familiar) and shareholders' agreements.

And if I later move to Spain?

It is best to plan it beforehand: the advantage on the way out disappears and the dividend is subject to Spanish personal income tax (IRPF).

Can a life insurance policy own my ETVE?

If you do not live in Spain and the ETVE is not the company you run day to day, it may make sense: the shares are no longer in your name. The tax treatment of the amounts your beneficiaries receive depends on where they live. We assess each case individually.

What if I live in Dubai, Switzerland, Singapore, the United Kingdom or Canada?

It depends on the country. In Dubai, Switzerland or Singapore, an ETVE is usually a good fit for an individual; in the United Kingdom, as a general rule, it is not; in Canada the FAPI regime must be reviewed and, if you are an individual, you will also be taxed on the dividend you receive from the ETVE. In Dubai and Singapore, you may also have to pay Spanish wealth tax on your shares in the ETVE, because the tax treaty does not prevent it (in Dubai, unless you are a UAE national). We look at it in your specific case.

How we work

Dechamps Abogados is a family-run law firm in Madrid, founded in 1982 by René Dechamps Azanza, abogado. We work in Spanish, English and French, and we are independent.

We take care of everything in Spain

SET-UP

Preliminary analysis, incorporation or purchase of the company, contribution of the subsidiaries, bank account and notification to the tax authorities.

CORPORATE GOVERNANCE

Registered office, board secretarial services and, if you need one, a director resident in Spain.

ACCOUNTING AND TAX

Bookkeeping, annual accounts, corporate income tax, foreign investment filings and, if there are employees, payroll.

TRANSACTIONS

Dividends, intra-group loans, capital increases, entry or exit of shareholders and sales.

With your trusted adviser. We coordinate the work with your local adviser: they know your country; we know the Spanish side.

For a first conversation it helps us to know your group's structure chart, the country where each shareholder lives and what you want to achieve.

Dechamps Abogados

FAMILY-RUN FIRM SINCE 1982 · MADRID

René Dechamps Azanza, abogado

C/ Zurbano 13, 2° izda. · 28010 Madrid · Spain

+34 91 308 71 73 · rda@rdalex.com

dechampsabogados.com

First meeting at no cost, in Madrid or by video call.

Get a first estimate with the ETVE simulator

dechampsabogados.com/en/etve/simulator

Legal notice: this guide is for information only and reflects the law as at 20 November 2026. It does not constitute legal or tax advice. Each case must be analysed on its specific facts.