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# ETVE: the Spanish holding company

## *for investing in Latin America and the rest of the world*

What a Spanish foreign-securities holding company is, what the Spanish tax authorities require today and how to set one up, with the current lists of tax treaties and investment agreements.

**≈ 1.25%**
effective tax on dividends from foreign subsidiaries

**0%**
Spanish withholding tax for non-resident shareholders

**18**
double tax treaties with countries in the region

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# ETVE: the Spanish holding company for investing in Latin America and the rest of the world

Practical guide · November 2026

An ETVE (*entidad de tenencia de valores extranjeros*, a foreign-securities holding company) is a Spanish company that holds shares in companies in other countries and which, if it meets certain requirements, receives dividends and capital gains from those subsidiaries almost free of Spanish tax and distributes them to its non-resident shareholders without withholding tax. That is why it is one of the structures most widely used by entrepreneurs and families from Latin America who want to organise their investments, have a base in Europe or plan the succession of their group.

This guide explains, without unnecessary jargon, what an ETVE is for, what the Spanish tax authorities require today and what should be reviewed before setting one up. It is no substitute for the analysis of each case.

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## What an ETVE is (in one minute)

- **It is not a special type of company.** It is an ordinary Spanish S.L. or S.A. that elects for a special tax regime (Articles 107 and 108 of the Spanish Corporate Income Tax Act). It may carry on other activities besides holding shares.
- **Its purpose** is to hold and manage shares in companies that are not resident in Spain (for example, the group's operating companies in Mexico, Colombia, Ecuador or Costa Rica).
- **Its advantage** lies at both ends of the chain: the profits that flow up from the subsidiaries and those that flow down to the shareholders.

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## Its advantages today

- **Dividends and capital gains from foreign subsidiaries, almost exempt.** 95% is exempt; the remaining 5% is taxed at the standard rate of 25%. In practice, an effective tax rate of around **1.25%** on that income.

- **Distributions to non-resident shareholders without withholding tax.** Dividends paid by the ETVE to non-resident shareholders out of that exempt income are not treated as Spanish-source income: there is no withholding and no Spanish tax.
- **Sale of the ETVE.** When a non-resident shareholder sells their shares in the ETVE, the part of the gain that corresponds to reserves from exempt income or to the value of the foreign subsidiaries is not taxed in Spain either.
- **A wide treaty network.** Spain has double tax treaties in force with 94 countries, including 18 in Latin America and the Caribbean: Argentina, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Jamaica, Mexico, Panama, Paraguay (since 2024), Trinidad and Tobago, Uruguay and Venezuela (Annex 2).
- **A well-established regime.** In force since 1995 and compatible with EU law and OECD standards: the ETVE pays its taxes and files its accounts like any other Spanish company.
- **Financing.** Interest on the holding company's debt remains deductible within the general limits (essentially, up to 30% of operating profit, with a minimum of EUR 1 million always deductible).

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## Why it is particularly attractive to Latin American entrepreneurs

- **A shared language and a similar legal culture**, with a firm that works in Spanish and understands the region.
- **A gateway to Europe**: the ETVE can also invest in the European Union, with access to the Parent-Subsidiary Directive.
- **Organising the group and the succession**: bringing together the shares of several companies in several countries in a single company makes it easier to manage the group, bring in partners and hand over to the next generation.
- **Legal certainty**: a regime that has been stable for more than 25 years and **investment protection agreements** in force with 18 countries in the region (Annex 3). It is worth checking that the agreement with the relevant country is still in force.
- **Moving an existing holding company to Spain**, including a Panamanian one (section 4).

**Important:** the ETVE takes care of the Spanish side, but **each shareholder remains subject to the rules of their country of residence**. Several countries in the region have rules that tax shareholders on the profits of foreign companies even if they are not distributed (controlled foreign company or international tax transparency regimes). This must be reviewed with a local adviser before setting up the structure; we coordinate that work.

### An example: Costa Rica

Costa Rica is one of the countries the firm works with most. A Spanish ETVE with a Costa Rican subsidiary benefits from:

- a **double tax treaty** since 2011: Costa Rican withholding tax on dividends paid by the subsidiary to the ETVE falls to **5%** if the ETVE holds at least 20% of the capital (12% in other cases); interest to 5% or 10%, and royalties to 10%;
- an **investment protection agreement** in force since 1999;
- a country that is **not on the list of non-cooperative jurisdictions** and has been a member of the OECD since 2021.

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## Moving a Panamanian company to Spain

Many families in the region already have a holding company in Panama. It is not always necessary to wind it up and form a new company: if Panamanian law and the articles of association allow it, the company can **move its registered office to Spain and remain the same company**, keeping its legal personality and its subsidiaries, and adopting the form of a Spanish S.L. or S.A. (Royal Decree-Law 5/2023). It then elects for the ETVE regime.

- **Advantage:** the subsidiaries do not change owner, so their shares do not have to be transferred or contributed one by one.
- **What needs to be prepared:** apostilled Panamanian certificates and resolutions, the transfer balance sheet, the new articles of association and registration with the Spanish Commercial Registry, as well as real management from Spain (section 6).
- **What needs to be checked in Panama:** the consequences of the move there (fees, deregistration from the Public Registry and resident agent), with a Panamanian adviser. Panama is not on the Spanish list of non-cooperative jurisdictions and has a tax treaty with Spain.

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## Requirements to be met

| Requirement | What it means in practice |
|---|---|
| **Corporate purpose** | The articles of association must include the management and administration of securities of non-resident entities «through the corresponding organisation of material and human resources». |
| **Human and material resources** | The ETVE must genuinely manage its shareholdings from Spain (section 6). |
| **Registered shares** | The ETVE's own shares must be registered shares (in an S.L. they always are). |

| Requirement | What it means in practice |
|---|---|
| **Not a passive asset-holding company** | If more than half of its assets are not used in an economic activity, the regime cannot be applied. |
| **Minimum holding in each subsidiary** | At least 5%, direct or indirect, held for one year (the period can be completed after the distribution). |
| **Minimum taxation of the subsidiary** | The subsidiary must be subject to a similar tax at a nominal rate of at least 10%. This is deemed met if it is resident in a country that has a tax treaty with Spain including exchange of information. |
| **Notification to the tax authorities** | The election for the regime is notified to the Spanish Tax Agency and applies from the tax year ending after the notification. |
| **Residence of the shareholders** | The exemption on distributions does not apply if the shareholder is resident in a non-cooperative jurisdiction (Annex 1). |

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## «Substance»: what the tax authorities really look at

The law does not say how many employees or offices are needed. What it requires is that the ETVE **genuinely directs and manages** its shareholdings from Spain, with resources that are **sufficient and proportionate** to what it holds. Binding rulings of the Spanish Directorate-General for Taxation and the courts have gradually clarified this test. In practice we recommend:

1. **A director (or managing director) resident in Spain**, with real management powers and no ties to the company's external advisers. Management cannot be fully outsourced to a law firm or an accounting firm.
2. **Decisions taken within the ETVE**: board and shareholders' meetings held in Spain, with minutes that reflect the discussion and supporting documents.
3. **The ETVE genuinely votes in its subsidiaries**: representation at their general meetings, with specific instructions.
4. **A bank account in Spain** through which incoming and outgoing dividends pass (it may be in dollars or another currency).
5. **Accounting records and documents at the registered office**, and a short «substance file» reviewed every year.
6. **Depending on the size of the group**, its own or a rented office, staff or some additional activity strengthen the structure, especially vis-à-vis the authorities of the shareholders' or subsidiaries' countries.

The key is proportionality: an ETVE with a single subsidiary does not need the same structure as the holding company of a group with twenty companies. And the order matters: **first the gaps are fixed, then they are documented**.

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## What has changed in recent years

- **Since 2021, only the 5% test counts.** Previously, a smaller holding also qualified for the exemption if it had cost more than EUR 20 million. That alternative was abolished and its transitional regime ended with the 2025 tax years.
- **A 95% exemption, not 100%.** Also since 2021, 5% of dividends and capital gains is treated as management expenses and is taxed. There is a temporary exception (three years) for small companies that set up a new subsidiary.
- **List of non-cooperative jurisdictions.** Since 2023 a country is no longer automatically excluded from the list because it has signed a treaty with Spain. The list was updated in June 2026 and now includes 18 territories (Annex 1). Panama is not on it.
- **Minimum taxation for large groups.** For tax years beginning on or after 31 December 2023, groups with consolidated revenue of at least EUR 750 million are subject to a 15% global minimum top-up tax (Pillar Two). For the vast majority of family groups nothing changes, but it should be checked.
- **Europe.** The proposed directive against «shell companies» (ATAD 3) was not adopted. In 2026 the Commission proposed adding substance indicators to the exchange of information between countries, still under negotiation. There is currently no common European threshold: the Spanish test applies.
- **Transfer of registered office.** Since 2023 the cross-border transfer of companies has been governed by Royal Decree-Law 5/2023, which replaced the Structural Modifications Act.

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## Five points we review before setting up an ETVE

1. **Who manages and where decisions are taken**: a director with real powers and decisions taken in Spain.
2. **Each shareholder's country**: making sure the Spanish tax saving is not lost through the tax transparency rules of their country.
3. **Notifying the election** for the regime to the tax authorities, on time.
4. **The taxation of each subsidiary**: a treaty with exchange of information or a similar tax of at least 10%.
5. **What else the company holds**: making sure real estate or other assets do not turn it into a passive asset-holding company or make part of the sale of the holding company taxable.

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## How it is set up

1. **Preliminary analysis** of the group, the shareholders and the countries involved (including their tax transparency rules).
2. **Choosing the route**: forming a new company, acquiring an existing one or moving a foreign holding company to Spain.
3. **Contributing the shares** of the subsidiaries to the ETVE. Capital contributions are exempt from capital duty; in an S.L. no independent expert report is needed to value them.
4. **Articles of association, director and bank account** in Spain.
5. **Notifying the election** for the regime to the Spanish Tax Agency.
6. **Maintaining substance** every year: meetings, minutes, accounts and the substance file.

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## Frequently asked questions

### Do I have to live in Spain to have an ETVE?

No. The shareholders can live in any country that is not a non-cooperative jurisdiction. What must be in Spain is the management of the company.

### How long does it take to be operational?

It depends on the route chosen and on the documents required in each country (powers of attorney, apostilles, certificates). It is usual to plan for several months.

### Can the ETVE carry on other business?

Yes, provided that holding foreign shareholdings is included in its corporate purpose and the company is not a passive asset-holding company.

### What if I am resident in Spain?

The regime is designed mainly for non-resident shareholders. A resident shareholder pays Spanish personal income tax on dividends from the ETVE, although the holding company can still be useful for reinvesting and for succession planning.

## How we can help

For many years the firm has advised entrepreneurs and families from Latin America on setting up, acquiring, relocating and maintaining ETVEs: preliminary analysis, articles of association, contribution of shares, notification to the tax authorities, management from Spain and an annual substance review, in coordination with their local advisers.

The first meeting with René Dechamps Azanza, founding partner of the firm, is free of charge: in person in Madrid or by video call. Write to us at rda@rdalex.com or call +34 91 308 71 73.

*This guide provides general information as at November 2026 and does not constitute advice on any specific case.*

ANNEX 1

# Non-cooperative jurisdictions

Order HFP/115/2023, as amended by Order HAC/649/2026 (Spanish Official Gazette of 27 June 2026). 18 jurisdictions.

| | | |
|---|---|---|
| American Samoa | Anguilla | Bahrain |
| Bermuda | British Virgin Islands | Cayman Islands |
| Falkland Islands | Fiji | Guam |
| Guernsey | Isle of Man | Jersey |
| Northern Mariana Islands | Palau | Solomon Islands |
| Turks and Caicos Islands | US Virgin Islands | Vanuatu |

Removed from the list with effect from 28 June 2026: Barbados, Dominica, Gibraltar, Samoa (as regards its offshore regime), Seychelles and Trinidad and Tobago. The Russian Federation is added, solely in respect of its international holding company regime, with effect from late December 2026.

ANNEX 2

# Double tax treaties in force

Spanish Tax Agency and Ministry of Finance, update of October 2026. 94 countries.

### Latin America and the Caribbean (18)

Argentina, Barbados, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Jamaica, Mexico, Panama, Paraguay, Trinidad and Tobago, Uruguay and Venezuela. Signed and pending entry into force: Peru. No treaty: Guatemala, Honduras and Nicaragua.

### Rest of the world (76)

Albania, Algeria, Andorra, Armenia, Australia, Austria, Azerbaijan, Belarus, Belgium, Bosnia and Herzegovina, Bulgaria, Canada, Cape Verde, China, Croatia, Cyprus, Czech Republic, Egypt, Estonia, Finland, France, Georgia, Germany, Greece, Hong Kong, Hungary, Iceland, India, Indonesia, Iran, Ireland,

Israel, Italy, Japan, Kazakhstan, Korea, Kuwait, Latvia, Lithuania, Luxembourg, Malaysia, Malta, Moldova, Morocco, Netherlands, New Zealand, Nigeria, North Macedonia, Norway, Oman, Pakistan, Philippines, Poland, Portugal, Qatar, Romania, Russia, Saudi Arabia, Senegal, Serbia, Singapore, Slovakia, Slovenia, South Africa, Sweden, Switzerland, Thailand, Tunisia, Turkey, United Arab Emirates, United Kingdom, United States, Uzbekistan and Vietnam, plus Ukraine and Tajikistan, to which the 1985 treaty with the former USSR still applies.

Signed and pending entry into force, in addition to Peru: Bahrain, Montenegro, Namibia and Syria, and the new treaties with Austria and the Netherlands (the previous treaty applies in the meantime). There is no longer a treaty with Denmark (since 2009), Turkmenistan (2000) or Kyrgyzstan (2023).

ANNEX 3

## Investment protection agreements with countries in the region

Bilateral investment treaties (APPRI) in force with 18 countries in Latin America and the Caribbean. Sources: Spanish Secretariat of State for Trade, UNCTAD and Spanish Official Gazette.

| Country | In force since | Country | In force since |
|---|---|---|---|
| Argentina | 28/09/1992 | Mexico | 03/04/2008 |
| Chile | 29/03/1994 | Nicaragua | 28/03/1995 |
| Colombia | 22/09/2007 | Panama | 31/07/1998 |
| Costa Rica | 09/06/1999 | Paraguay | 22/11/1996 |
| Cuba | 09/06/1995 | Peru | 16/02/1996 |
| Dominican Republic | 07/10/1996 | Trinidad and Tobago | 17/09/2004 |
| El Salvador | 20/02/1996 | Uruguay | 06/05/1994 |
| Guatemala | 21/05/2004 | Venezuela | 10/09/1997 |
| Honduras | 23/05/1996 | Jamaica | 25/11/2002 |

Bolivia (2012) and Ecuador (2017, effective 2022) terminated their agreements; earlier investments remain protected during the agreement's survival period (in Ecuador's case, until 2032). A new agreement with Colombia was signed in 2021 but is not yet in force (the 2005 agreement still applies), and an agreement with Haiti signed in 2012 never entered into force. Brazil has no agreement with Spain.