

**Incorporation of a Limited Liability Company in Spain
("Sociedad de responsabilidad limitada" – "S.L.")**

In Spain most of the small and middle-sized companies are doing their business under the legal form of the so called "Sociedad de responsabilidad limitada" ("limited liability company"), shortly called "S.L."

The "S.L.", which can be incorporated even by a sole shareholder, is considered the most convenient legal form not only because of its shareholders' limited responsibilities, but also due to the relatively low amount of the minimum capital required by law. However, this **minimum capital of 3.000,- EUR** has to be fully subscribed and paid-up at the moment of incorporation.

With regard to the steps and formalities to be taken in order to legally incorporate a company, the most important aspects are set out in a summarized way as follows:

- Application to the Central Commercial Register in Madrid for a "**Negative Name Certificate**" to make sure that no other company is registered under the same name
- Application for a **provisional company tax identification code** and register for VAT
- For each **foreign founding shareholder**: application for a **Spanish tax number** (in case the founding shareholder is a foreign company, a certificate of its Commercial Register, duly translated and provided with the Hague Apostille, is required)
- Opening of a **bank account** for the new company
- Preparation of the **bylaws** and, eventually, of **powers and commercial authorities**

Once the aforementioned steps are realized, the incorporation of the company will be done by signature of a **notary's deed**, which has to meet the following minimum content:

- Identity of the founding shareholders
- Determination of the capital and the founding shareholders' subscriptions
- Bylaws
- Determination of the type of administration, identity of the legal representatives.

The final step is to obtain the **permanent tax number** ("NIF") in order to be issued with a business license and the **registration of the new company** in the **Commercial Register and Labor/Social Security Authorities** correspondent to its domicile. Depending on the type of business, there might be more administrative obligations to be observed.

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