

CORPORATE COMPANIES

I.- TYPES

1. **SOCIEDAD RESPONSABILIDAD LIMITADA (LLC.)** This is the most common type of company for small and medium-sized enterprises. The minimum capital is 3,000 euros divided into shares and the partners only risk the capital contributed.
2. **SOCIEDAD ANONIMA (PLC):** The capital is divided into freely transferable shares unless otherwise agreed in the Articles of Association. It requires a minimum capital of 60,000 euros.
3. **SOCIEDAD COLECTIVA (PARTNERSHIP):** The partners contribute capital and work, responding unlimitedly with their personal assets. There is no minimum capital requirement.
4. **SOCIEDAD COMANDITARIA SIMPLE (SIMPLE PARTNERSHIP):** It has full liable partners (unlimited liability) and limited partners (liability limited to their contribution).
5. **SOCIEDAD COMANDITARIA POR ACCIONES (JOINT STOCK PARTNERSHIP):** Similar to the S.A., but with general/full partners and limited partners.
6. **SOCIEDAD COOPERATIVA (COOPERATIVE COMPANY):** A cooperative company formed by partners with a common activity to carry out an economic activity under a system of active participation.
7. **SOCIEDAD LABORAL (LABOUR COMPANY) :** Set up exclusively by worker-members.
8. **AGRUPACION DE INTERES ECONOMICO (ECONOMIC INTEREST ASSOCIATION):** Associations of entrepreneurs to participate in a common project, usually on an ad hoc basis.

II REQUIREMENTS

The main formalities for incorporating an **SA or SL** (the most common) in Spain are as follows:

1. Application for Negative Certificate of Name: A certificate must be obtained from the Central Mercantile Register certifying that the name chosen for the company does not coincide with that of another existing company.
2. Opening a bank account: It is necessary to open a bank account in the name of the company in order to make the initial share capital contribution.
3. Drafting of articles of association: Articles of association must be drafted to govern the internal functioning of the company, including aspects such as the name, corporate purpose, registered office, share capital, and organisation of the administration.
4. Execution of a public deed: the founding shareholders must go to a notary to sign the deed of incorporation, which will include the articles of association.
5. Obtaining the Tax Identification Number (NIF)
6. Registration in the Commercial Register: The deed of incorporation must be recorded in the Commercial Register of the company's registered office within two months of its execution.
7. Payment of fees and charges: It is necessary to pay the fees for the recording of the company.

These formalities apply to both Limited Liability Companies (LLC) and Public Limited Companies (PLC), although the minimum capital requirements and some specific details may vary depending on the type of company chosen.

It is important to note that there have recently been significant changes in Spanish Corporate law regarding the minimum capital required to incorporate an SL:

1. Previously, the minimum capital for an SL/LLC was 3000 euros, which had to be fully paid up at the time of setting up .
2. **However, with the entry into force of the Business Creation and Growth Act in October 2022, the minimum capital to set up an SL/LLC has been reduced to €1, although the final capital is still €3,000.**
3. This new minimum capital of EUR 1 must also be fully paid up at the time of setting up.

It is important to note that, although the minimum capital has been reduced to 1 Euro, there are certain special rules that apply as long as the capital does not reach 3.000 Euro, such as the obligation to allocate 20% of the profit to the legal reserves and to assume personal liability in case of liquidation, if the S.L/LLC. has not yet covered the 3.000 Euro capital.

III .EXECUTIVE BODY

3.1-Executive body in the **Limited Liability Company (SL)**

Governing Body

- Responsible for the management and representation of the company
- It can take different forms:
 - Sole Administrator
 - Joint administrators (joint and several)
 - Joint administrators (joint signatura)
 - Board of Directors (minimum 3 members, maximum 12)
 - Duration: indefinite or as set forth in the Articles of association.

3.2-Executive body in the **public limited company.PLC (SA)**

- A sole administrator, or two joint administrators/ joint and several.
- From three members upwards there is a Board of Directors .
- Responsible for the management and representation of the SA
- Duration: maximum 6 years, option to be renewed. .
- Possibility of appointing one or more Managing Directors with full executive powers.
- The Board sets its own internal operating rules.

Common Liabilities :

- Day-to-day management of the Company.
- Legal Representation
- Preparation of annual Financial statements
- Convening of shareholders I meetings
- Fulfilment of legal and statutory duties.

It is important to note that directors / board members may be liable to the company, shareholders and third parties for damages caused by acts or performances against the law, the articles of association or for breach of their duties inherent to their position.

The Board members or Administrators of the SA/PLC or S.L./LLC may be removed at any time by resolution of the General Shareholders' Meeting without the need for this to be included in the Agenda.

December 2024.

For more information and detailed advice on the suitable company form, please contact us directly.

CONDE-ESCALZA

ABOGADOS ASOCIADOS I DESDE 1969

Tel +34 93 488 16 90
Fax +34 93 487 91 62
Rambla Catalunya, 49-51, 3º 2ª
08007 Barcelona
www.conde-escalza.com