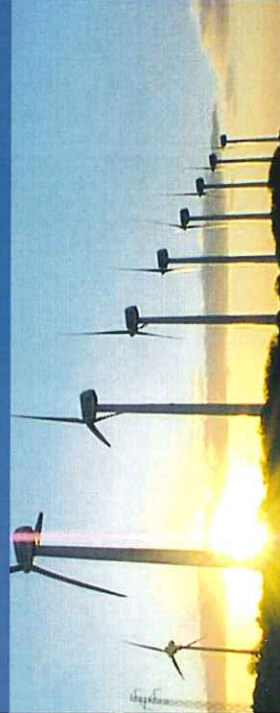


THE ZEC

The **Canary Islands Special Zone (ZEC)** is a low tax zone authorised by the European Commission (EC) in January 2000. The **new time frame for taking advantage of the ZEC tax benefits** will last **until 31 December 2019**, although initially **official registration** for ZEC companies and entities will cease on 31 December 2013.

At **present, the ZEC regulations** are governed by Law 19/1994, of 6 July, amending the Economic and Fiscal Regime of the Canary Islands (REF), as amended by Royal-Decree Law 2/2000 of 23 June and Royal-Decree Law 19/2006 of 29 December.



ZEC entities may be located in **any part of the Canary Islands territory**, with the exception of companies involved in production and commercialisation, which must be set up in the areas designated for these purposes.

ZEC

Zona Especial Canaria



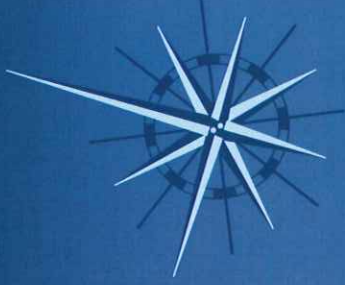
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ZEC

Zona Especial Canaria
Canary Islands Special Zone
C O N S O R C I O



ZEC

Zona Especial Canaria
Canary Islands Special Zone
C O N S O R C I O



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CANARY ISLANDS SPECIAL ZONE



MINISTERIO
DE ECONOMÍA
Y HACIENDA



Gobierno
de Canarias



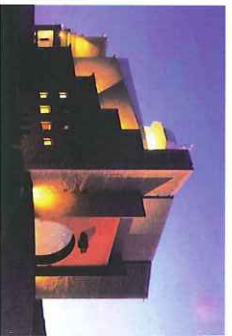
CANARY ISLANDS SPECIAL ZONE

The Canary Islands form part of the Spanish territory and are included in the European Union (EU). They consist of the following islands: Gran Canaria, Fuerteventura, Lanzarote, Tenerife, La Palma, La Gomera and El Hierro.

Because of their geographical location, the Islands are established as a natural point of entry into Africa from Europe and at the same time they are an essential stage in the flow of goods between Europe and America.

All the islands are equipped with major sea and air infrastructure. The ports in the provincial capitals of Las Palmas de Gran Canaria and Santa Cruz de Tenerife occupy a distinguished position among the Spanish state ports. There are also six international airports in the Islands.

The Canary Islands have exceptional conference and convention centres which serve as reference points for business representatives and investors. The Islands have become a commercial and professional meeting place whose nerve centres lie in the trade fair and conference centres of the cities.



The Universities of La Laguna and Las Palmas de Gran Canaria provide high level technical and scientific training. The two institutions are responsible for training a contingent of highly qualified professionals.

TAX INCENTIVES FOR ZEC COMPANIES

CORPORATE INCOME TAX

The fixed tax rate is set at four percent.

TRANSFER TAX AND STAMP DUTY

ZEC entities benefit from certain exemptions on Transfer Tax and Stamp Duty.

CANARY ISLANDS GENERAL INDIRECT TAX (IGIC)

Exemption on the provision of goods and services among ZEC entities and on the importing of goods.

NON-RESIDENTS

International Double Taxation Agreements signed by Spain apply in the ZEC, as well as the European Union Parent-Subsidiary Directive and the exemption from withholding tax on interest and capital gains on moveable assets.

OTHER BENEFITS

CANARY ISLANDS INVESTMENT RESERVE (RIC)

The subscription of shares or participations issued by ZEC entities is permitted as a means of using funds from the Canary Islands Investment Reserve. The amount of the issue or capital increase must be over 750,000 euros.

AUTHORISED ACTIVITIES

The list of activities authorised within the tax regime is wide-ranging. The most notable sectors are:

- Biotechnology and aquaculture
- Manufacture of pharmaceuticals and cosmetics
- Audiovisual production
- Renewable energy
- Computers and telecommunications
- Electronic commerce
- Commission trade
- Contact centres and other outsourcing
- Airlines and aircraft repair
- Services related to tourism

REQUIREMENTS

Companies wishing to take advantage of the ZEC tax incentives must fulfil the following requirements:

- Create **five jobs** (in the case of Gran Canaria and Tenerife) and **three** in the other islands
- Invest **€100,000 in fixed assets** (in the case of Gran Canaria and Tenerife) and **€50,000** in the other islands
- Carry out authorised activities
- Be a newly created entity or subsidiary
- One of the administrators must be resident in the Canary Islands
- Present a report describing the project
- Have the head office and effective place of management within the geographical area of the ZEC