


why 
tenerife

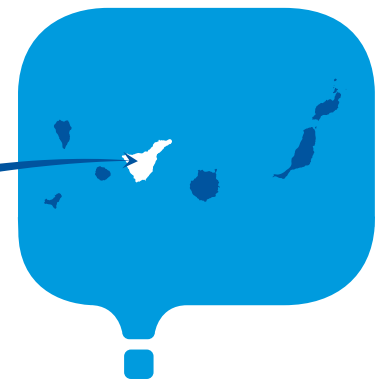
1. Tenerife in the palm of your hand	1
2. Facts & Figures	3
3. Unique tax benefits for your business	4
3.1. CANARY ISLANDS GENERAL INDIRECT TAX (IGIC)	4
3.2. CANARY ISLANDS SPECIAL ZONE (ZEC)	4
3.3. CANARY ISLANDS INVESTMENT RESERVE (RIC)	6
3.4. THE BEST CONDITIONS IN R&D, TECHNOLOGICAL INNOVATION AND AUDIOVISUAL SECTORS OF ALL EUROPE	7
3.5. TENERIFE FREE TRADE ZONE (Zona Franca de Tenerife)	8
3.6. TENERIFE CHAMBER OF COMMERCE	8
4. Tenerife: a gateway to Africa	9
5. Infrastructure and connectivity	11
5.1. R+D, RENEWABLE ENERGIES AND ICT INFRASTRUCTURES	11
5.2. PORT LOGISTICS SERVICES	13
5.3. INDUSTRIAL AND OFFICE SPACE AT COMPETITIVE PRICES	16
6. Labour costs, supplies, funding and grants	17
6.1. LABOUR COSTS	17
6.2. SUPPLIES	18
6.3. FINANCING, AIDS AND GRANTS	19
7. We help you set up your company step by step	20
7.1. REQUIREMENTS FOR EUROPEAN CITIZENS	21
7.2. STEPS TO BE TAKEN AT THE ALIENS OFFICE	22
7.3. REQUIREMENTS FOR NON-EUROPEAN CITIZENS	23

1 TENERIFE IN THE PALM OF YOUR HAND



WhyTenerife? is a network of institutions working together to foster international investment in the Island. The institutions involved in this platform are the Island Government of Tenerife, Tenerife Port Authority, Canary Islands Special Zone (ZEC), Tenerife Free Trade Zone, Tenerife Chamber of Commerce, PROEXCA and ITER (Tenerife Technology and Renewable Energy Institute).

Why Tenerife? raises a simple question with many different answers that can be summed up in one: Tenerife because it offers unique benefits to set up your business, make it grow and internationalize it successfully.



Tenerife is the biggest and most populated island of the Canary Islands. A region of Spain and the southern most territory of the EU in the West Atlantic Ocean.

Tenerife is a gateway to three continents thanks to its privileged geographical location. Its economic and social development as a member of the European Union, make it the best bridge between Europe, Africa and America.

Tenerife offers a safe, stable and fully reliable economic framework and more importantly it provides entrepreneurs with trained professionals who can carry out highly qualified tasks.

In Tenerife communications will be easier and safer thanks to its technological development and modern infrastructure: the 2nd most powerful supercomputer in Spain, multiple submarine high speed cable connection with Europe and West Africa and a Tier III+ Data Centre.

And Tenerife because it has a differentiated tax system unique in Europe, which offers many possibilities to establish and consolidate any type of business.

This is a clear straightforward guide explaining step by step the advantages of setting up business in Tenerife, which include:

- Economic and tax benefits with European guarantee.
- Its strategic position as a link between Europe, Africa and America.
- World-class infrastructure available.
- A privileged environment and quality of life.
- Its future projection.



For a business to become a reality on the Island, Why Tenerife? also offers full and confidential assistance to help you make the right decisions. The services offered by our professional team include:



- Finding local partners.
- Providing advice by local experts.
- Assisting you throughout the process of establishing your company.
- Putting together an agenda of meetings with public and private bodies involved in the process.
- And much more...do not hesitate to contact us!



whytenerife@webtenerife.com

Tel.: (+34) 922 080 769

Fax: (+34) 922 204 061

2 FACTS & FIGURES

As an introduction, here is some general information about the Island:



- Surface area: 2,034 sq. km- Tenerife is the biggest of the seven Canary Islands.
- Population: 897,582 - Tenerife also has the largest population.
- Official language: Spanish.
- Time Zone: Greenwich Meantime (GMT).
- Mild spring-like climate throughout the year with average temperature at 22° C (71.6° F).
- The highest number of sunshine hours in Europe: 3,000.



- Currency: Euro (€).
- GDP (PPP) per capita (Canaries): 19,568 €.
- Productive sectors in the regional economy:
 - Services: 83.51%.
 - Industry: 7.99%.
 - Construction: 7.36%.
 - Primary sector: Agriculture, Stock Farming and Fisheries: 1.14%.
- Working week: 40 hours/week.
- Guaranteed Minimum Wage: 654.30 €/month or 9,034.20 €/year.



- Tourists in 2014: 5.14 million (3.5% more than in 2013).
- Excellent flight connections: 2 international airports with 203 airlines operating and connecting Tenerife to 160 airports.
- Total passengers (air traffic): 12.2 million.
- Total cargo (air traffic): 18.7 million Kg.
- Excellent sea connections: 2 international ports with access to 278 ports worldwide.
- 3rd cruise port in Spain.
- Best technology infrastructure in the Canaries.
- 5 convention centres on the Island including an Auditorium designed by Santiago Calatrava.
- The best accommodation facilities in Europe: in Tenerife, 50% of hotels are 4- and 5- star.

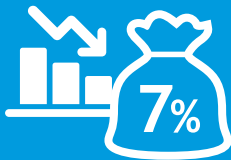
3 UNIQUE TAX BENEFITS FOR YOUR BUSINESS



Tenerife has always had differentiated tax benefits within Spain and the EU. Its unique economic and tax system provides excellent conditions to foster investment and trade.

This system is included on a permanent basis within the EU Legal Framework through Art 299.2 of the Treaty on European Union, offering exceptional advantages to both investors and companies. The most relevant incentives within this particular tax system are listed below.

3.1. Canary Islands General Indirect Tax (IGIC)



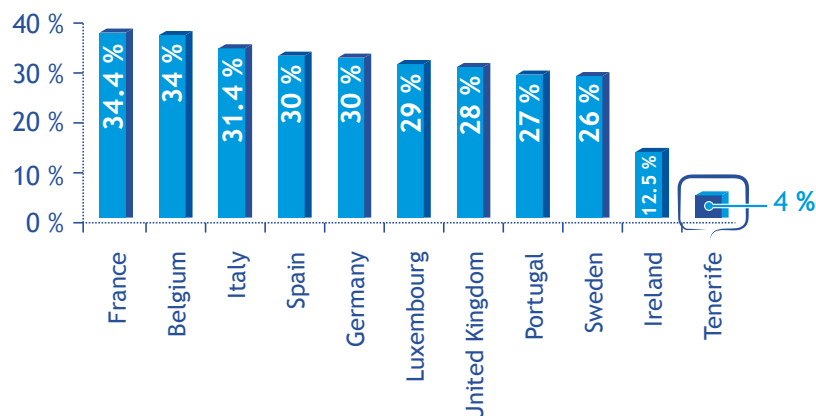
Tenerife has no VAT; instead it has IGIC (Impuesto General Indirecto Canario), which is the regional indirect tax on consumption. Its general rate is set at 7%.

3.2 Canary Islands Special Zone (ZEC)



Tenerife has the most attractive tax system of Europe as it allows a reduced, fixed company tax rate of 4% (the EU average is at 23%).

Companies registering within the Canary Islands Special Zone (ZEC) automatically and permanently benefit from this 4% rate applied on the gross tax base on operations carried out materially and effectively in or from the Canary Islands.



Making the most of the best tax conditions in Europe is very easy. These are the only requirements for registration:

- ✓ • Having a company purpose matching any of the officially authorized activities (available online at: http://www.zec.org/docs/ListadoActividades_EN.pdf).
- Make a minimum investment of 100,000 € in fixed assets within the first 2 years.
- Have at least one administrator resident in the Canary Islands.
- Create at least 5 jobs within 6 months of registering.
- Present a report describing the project.



This instrument also offers additional benefits for registered companies, such as:

A. Exemption from IGIC (Canaries General Indirect Tax)

ZEC companies do not pay IGIC (regional VAT) when supplying goods and services to each other, as well as on the imports they make.

B. Income Tax for Non-Residents.

ZEC companies will also:

- Benefit from the agreements signed by Spain in order to avoid double taxation.
- Benefit from the Parent-Subsidiary Directive of the European Union (the dividends distributed by your ZEC subsidiary to the parent office registered in another EU country will pay no taxes).

C. Exemption from the Property Transfer and Stamp Duty Tax

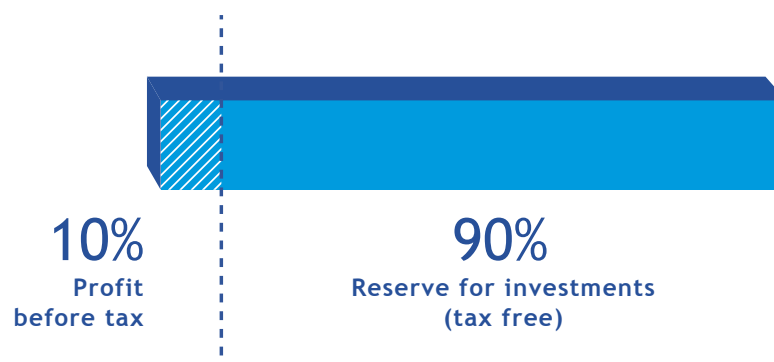
ZEC companies are exempted from paying this tax when they purchase goods and rights, carry out business operations other than dissolution and liquidation and perform documented legal acts regarding the transactions made by these companies in the Canaries.

For further information, please visit: www.zec.org/en/

3.3 Canary Islands Investment Reserve (RIC)

Companies will have up to 90% allowance on undistributed profit that can go to the Canary Islands Special Investment Reserve (RIC) within a 3 year period for the following purposes:

- Acquiring new assets.
- Research and Development expenses.
- Job creation, insofar it is directly related to initial investments.
- Subscribing shares or stakes in the capital of companies operating in/from the Canary Islands.
- Subscribing shares or stake on the capital or the equity issued by venture capital companies or funds, as well as investment funds.
- Subscribing securities or book entry securities of the Canaries Public Debt limit of 50% of the RIC allocated each year).



WHO CAN BENEFIT FROM THIS TAX INCENTIVE?



Companies and legal entities subject to Corporate Tax on their Canary Islands' establishments and individuals subject to Income Tax (in Spanish, IRPF) for business and professional activities carried out through their companies in the Canary Islands.

3.4 The Best conditions in R&D, Technological Innovation and Audiovisual sectors of all Europe

AUDIOVISUAL INDUSTRY



In Tenerife, Spanish productions benefit of a 38-40% tax credit limited to 5.4 million euros. For foreign productions, the tax rebate is 35% with a limit of 4.5 million euros. This makes Tenerife one of the best places in Europe to welcome shootings, because the economic benefits are added to the climate, natural resources, varied landscapes and a solid audiovisual sector with the latest equipment and also qualified professionals with enough experience to assist any need.

R&D AND TECHNOLOGICAL INNOVATION



Tenerife offers a deduction of 45% in corporate tax for investments in R&D and in Technological Innovation activities.



This applies to all activities carried out in the Canary Islands which involve a technological breakthrough in the development of new products or production processes, or bring substantial improvements to existing ones, and includes the development of video games.

TANGIBLE GOODS



Rebates for Production of Tangible Goods: Up to a 50% tax rebate on profits obtained from sale of tangible goods produced in the Canary Islands as an incentive to industrial activities.

3.5 Tenerife Free Trade Zone (ZFT)

Tenerife has a Free Trade Zone, an area where companies can store, transform and distribute goods without having to pay levies, duties or indirect taxes. Tenerife Free Zone is located in the ports of Santa Cruz de Tenerife and Granadilla and the tax advantages it offers are listed below:



- No special taxes on goods introduced to the Free Trade Zone.
- No import duties while the goods are in the Free Trade Zone.
- No IGIC (Canary Islands' VAT) on the goods within the Free Trade Zone and services provided for them.
- Community measures on trade policies such as contingents or restrictions of any kind will not be applied.

For further information: www.zonafrancatenerife.es

3.6. Tenerife Chamber of Commerce



The Tenerife Chamber of Commerce is continuously organizing networking activities, training seminars and trade missions to support the local private sector and its internationalization: www.camaratenerife.com/comercio.cfm

In October 2002, it launched the web www.africainfomarket.org, the first Spanish speaking information platform for doing business in Africa and more recently, in South America. It is now also available in English, French and Portuguese and has 17,000 visits it has per month / 200,000 a year, 49.3% of which are from South America. This has led to signing collaboration agreements with Uruguay, Colombia, Peru and Panama.



4 TENERIFE: A GATEWAY TO AFRICA








From Tenerife, companies will be operating from what has been the gateway to Europe, America and Africa for the last 500 years and benefiting from the well-established business relationship between them.

In particular, West Africa is one of the most important trade partners for the Island's entrepreneurs with over 200 companies from the Canaries who are already operating in the Africa.

Hence, excellent business relationships have boosted lately, outnumbering other Spanish Communities and allowing new companies to benefit from the wide operational experience local entrepreneurs have in trading with Africa, which is only 300 kilometres away from Tenerife.

There is a wide range of sectors, from oil refining, electrical equipment and machinery to cereals, flour and starch, these are just some examples but there are many more.

SECTOR	EXPORTS (IN MILL €)	% ON TOTAL
 Oil Refinement	101,5	48,95 %
 Machinery	16,1	7,77 %
 Cereals, flour, starch	9,8	4,74 %
 Equipment	8,5	4,11 %
 Others	71,39	34,43 %

Tenerife is also the gateway to emerging countries like Mauritania, having exchanged with it 19.89% of its total exports, followed by Togo, Morocco, Nigeria, Equatorial Guinea and Cape Verde.

COUNTRY	EXPORTS (in Mill €)	% OF TOTAL
Mauritania	41,4	19,89 %
Togo	39,2	18,9 %
Morocco	24,2	11,68 %
Nigeria	16,5	7,9 %
Equatorial Guinea	15,4	7,44 %
Cape Verde	14,6	7,04 %
Others	56,51	27,15 %

In the past decades, the Island Government of Tenerife (Cabildo) has signed multiple collaboration agreements with different West African countries and since 2010, Tenerife has carried out more than 50 co-operation projects in different sectors including science, education, biofuel production, agriculture, stock breeding, renewable energy and e-administration.

An example of the relevance of Tenerife in the international trade flows with Africa, the **annual conference of the Corporate Council on Africa (CCA)** - an association of the main North American companies with interests in Africa - was held in Tenerife in 2011. It was the first time that it was held outside the United States and gathered important personalities such as Ibn Chambas, Secretary General of ACP (Africa, Caribbean and Pacific); Achille Bassilekin, Assistant Secretary General for Economy and Trade Development of ACP countries; and Mahama Kappiah, Executive Director of the ECOWAS Centre for Renewable Energy and Energy Efficiency (ECREE) in Praia.

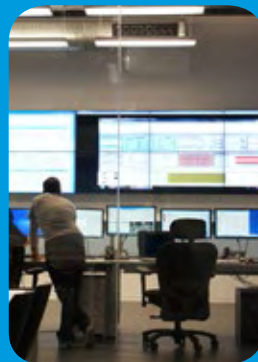
In December 2014 Tenerife also hosted a first-time event, staged by TOC World Wide, devoted to the West African market. Broadly titled "**TOC Market Briefing West Africa**", it dealt with potential maritime services to and from the island, operators' expectations in terms of available port services and logistics infrastructure.

5 INFRASTRUCTURE AND CONNECTIVITY

Tenerife has all sorts of modern infrastructures to provide companies operating in / from the island with value-adding technologies. The most relevant are explained below:

MODERN INFRASTRUCTURE PROVISION ACROSS ALL SECTORS

Find in a single territory all the services you need for the development of their business.



- Logistic Platform: Transport and communication network.
- Modern Hospital and Medical Centers.
- Large industrial areas a range of complete services.
- Public and Private education centers.
- A broad variety of retail establishments and recreational options.

5.1. R+D, Renewable energies and ICT Infrastructures



ITER (www.iter.es): Tenerife's Technology and Renewable Energy Institute (ITER) is a leading organization in R&D and renewable energy systems application. It hosts the following facilities, which are all available on a rental system for companies willing to grow flexibly while benefiting from existing economies of scale:



D-ALiX Data Centre: This TIER III+ data centre with 2,000 sq. m. housing space hosts a tri-continental neutral point of traffic aggregation and distribution, and is also a landing station for the six-submarine-cable system connecting the Island with Europe, Africa and, in the near future also with South America. One of these cables is the ACE (Africa Coast to Europe) submarine cabling system, which will reach Tenerife in 2015 and whose Consortium has chosen D-ALiX as the strategic hub for international connectivity, hence turning it into a global reference point. Further details at:

<http://www.d-alix.com/en>



Teide HPC Supercomputer: Tenerife is home to the 2nd most powerful supercomputer in Spain, ranking 138 out of the 500 worldwide. The calculation power of this 8.5 million € infrastructure is equivalent to that of more than 10,000 conventional computers. The technological partners are ATOS and Fujitsu and is a key facility for companies operating in the audio-visual and IT sectors, among many others. For more information, please visit: <http://teidehpc.iter.es/en>



Fiber Optic Network: Tenerife has a fiber optic ring covering all its territory, which is used by over half a million people and grants high speed internet all over the island.

For further information: <http://www.iter.es/en>

5.2. Port logistics services

Tenerife has **two ports** with a **third** under construction in the **south** of the island.



The port of Santa Cruz de Tenerife is the **main port** in the province and gets all kinds of traffic: container ships, liquid bulk, solid bulk, roll on-roll off, cruise ships, pleasure crafts and passengers.

The port is also a **reference** point for bunker supplies for vessels crossing the Atlantic, due to its strategic geographical position and the island having the only oil refinery in the area.



A **second** container terminal was recently inaugurated to focus on looking after the sector of container transshipment at the island. The **two terminals** currently in operation at the city port have a capacity for **1 million TEU**.

Puertos de Tenerife receives over **5 million passengers** every year, of which **800,000** are cruise passengers from the more than **500 cruise ships** that visit the port of Santa Cruz every year, making Tenerife the **3rd port in Spain** for this kind of traffic, the **11th in Europe** and **24th in the world**.

The Santa Cruz de Tenerife port, likewise, has numerous spaces available for storage and/or transformation of products, at very competitive rates.



At the Fishing Dock, a new space with a surface area of 14 ha. has been created and is available for new investment. The land is divided up into plots of several sizes of up to 3 ha. and they are being offered at a concession fee of **€7 per square metre**.

Separately, there is a wide variety of warehouses, some of them refrigerated, with diverse capacities for storing and/or transforming products.

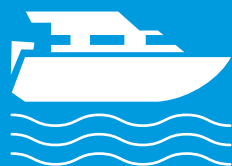
The activity that takes place at the port warehouses and land may benefit from the fiscal advantages of both the **Canary Islands Special Zone** and the **Free Zone of Tenerife**.



In the offshore sector, the Santa Cruz de Tenerife port has become a **centre for repairing** platforms in the Atlantic, keeping an average of **3-4 platforms moored in the port**. Growing demand in this sector has favoured the development of a ship repair sector that is currently undergoing expansion. The development of the repair activity and services demanded by the offshore companies, therefore, constitute a good option for investing and doing business on the island.



Puertos de Tenerife is continually **adapting** to the evolution of the sector with regard to **improving its services** and adapting its infrastructure. Currently, work is being done to improve the quality of the services provided by gaining quality certificates, increasing security, safety, prevention, etc. on the one hand and, on the other, through investment projects for new infrastructure, such as-for example-a marina for mega yachts, a new terminal for cruise passengers and a port in the south of the island, Puerto de Granadilla.



The marina for large yachts is initially planned to have a maximum building area of **1.800 square metres**, **900 square metres** for a service building and the same again for a leisure area, all part of the integration project between the port and the city.

The **new CRUISE** passenger terminal that will be working during the **2016-2017** season will occupy a **surface area of 8500 m²**. It will use overhead gangways for the movement of passengers to and from the boat and will have direct access to the centre of the city.



Lastly, **Puerto de Granadilla**, located in the **south** of the island, next to the industrial area on **1800 million m²**, will be finished in 2016 and the following uses are planned for it: a **multi-purpose area** of 15 ha, a 21 ha. **container terminal**, a **logistics area** on 12 ha. and a 12 ha. space for a **regassification plant** that will be used for supplying both gas to ships and power to the islands.

5.3. Industrial and office space at competitive prices

The examples above present just some of the infrastructure available on the Island but Tenerife also offers different spots for companies to set up at very **competitive prices**.



The average rental price of **factory premises** is between 2 and 5 € per m² and between 500 and 1,000 € per m² for **industrial space**. Regarding **offices**, rental prices range from 4 to 10 € per m².

Technology-based projects and those related to Health, Biotechnology, Innovation in Tourism or ICT, can also benefit from Tenerife Science and Technology Park (PCTT) 2 **business incubators** (located in Santa Cruz de Tenerife and La Laguna) which offer special deals for new companies.

For further information: www.pctt.es

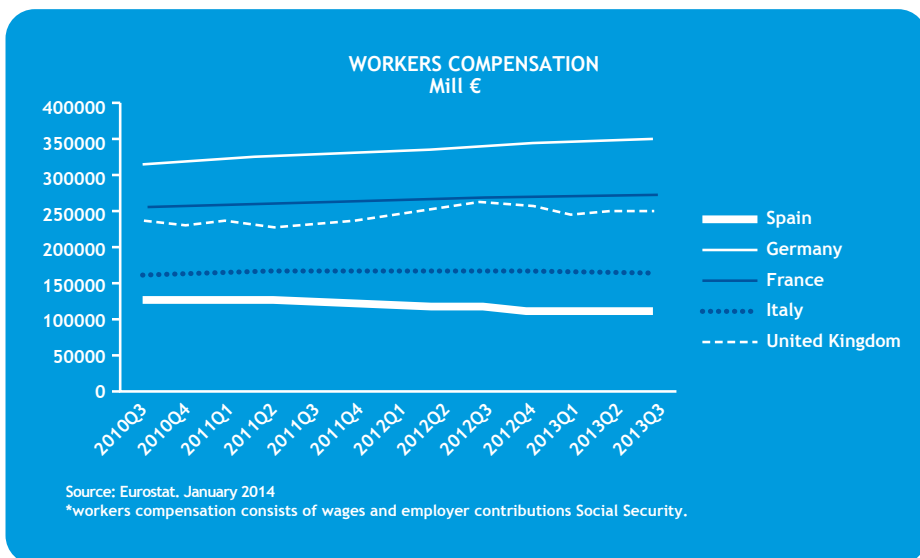
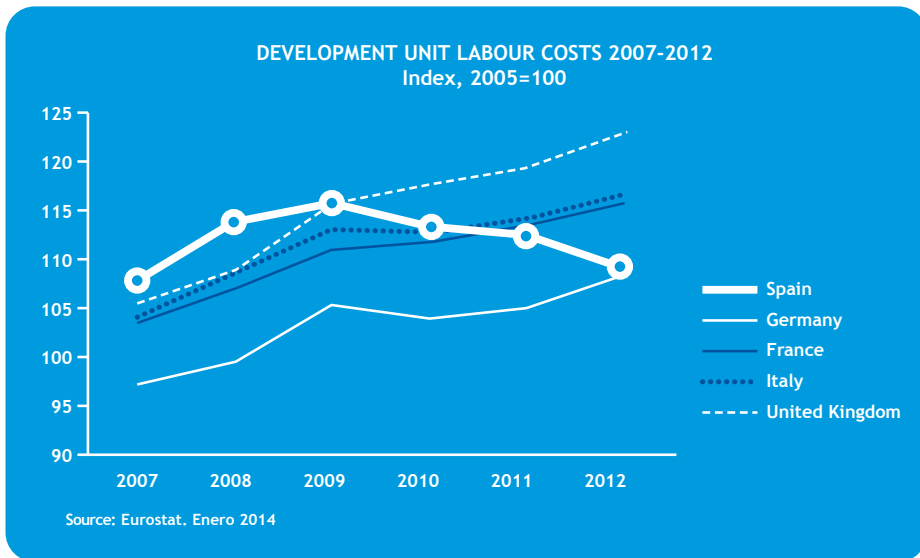
6 LABOUR COSTS, SUPPLIES, FUNDING AND GRANTS



Tenerife also offers businesses very competitive operational costs. We break them down for you.

6.1. Labour costs

The guaranteed minimum wage in Spain is 654.30 € per month in 14 payments (12 months plus two extras). Salary brackets are negotiated in collective agreements.

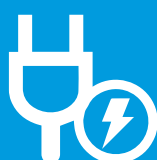


6.2. Supplies

6.2.1. Average cost of electricity kw/h (tariff for businesses)

In the chart below you will find the most common tariffs although you must bear in mind that from 15 KW on the price is directly negotiated with the electricity companies.

DI SEGUITO LE TARIFFE PIÙ COMUNI IN SINTESI:



- For less than or equal to 10 Kw:
 - Term Power: € 3.153257 / kW month
 - Term Energy: € 0.124107 / kWh
- For more than 10 kW and less than or equal to 15 kW:
 - Term Power: € 3.755168 / kW month
 - Term Energy: € 0.146297 / kWh

*From 15 KW price is negotiated directly with power companies.

For example, on average a 4-star hotel uses 2.5 to 3 GW per year, and a 5-star hotel between 4 and 5 GW per year.

6.2.2. Average cost of hot water



- From 0-10 m3: 0,64 € / m3
- From 11-20 m3: 1,05 € / m3
- More than 20 m3: 2,61 € / m3



The reference price for bulk buying propane (GLP) is approximately 1.70 € per kg or 0.13 € per kW/hour.

6.3 Financing, aids and grants

There are endless possibilities for companies willing to set up in Tenerife such as financing lines, national, regional and island grants and special hiring incentives. Contact us for further information on current aids and grants at:

whytenerife@webtenerife.com


Tel.: (+34) 922 080 769

Fax: (+34) 922 204 061

7 WE HELP YOU SET UP YOUR COMPANY STEP BY STEP



There are several types of companies in Spain, being Sociedad Limitada (SL) and Sociedad Anónima (SA) the most common:

TYPE OF COMPANY	NUMBER OF PARTNERS	CAPITALE	RESPONSABILITÁ
 SOCIEDAD ANÓNIMA	1 Minimum	60,000 € Minimum	Limited to the capital contributed
SOCIEDAD LIMITADA		3,000 € Minimum	

Why Tenerife? offers you a one-stop shop with experts that will guide investors and companies throughout the whole process, which can be summarized as follows:




1. Issue a certificate from the Central Business Registry stating that no other company has the same name;
2. Open a bank account / Issue a certificate from the bank stating that the required capital to set up the company has been paid into the account.
3. Prepare the articles of association and the deed of incorporation at a notary public.
4. Obtain the Provisional Tax Identification Number (NIF).
5. Settle the Property Transfer Tax and Stamp Duty (applicable though exempt by virtue of Real Decreto Ley 3/2010).
6. Register at the Island Business Registry.
7. Obtain the Permanent Tax Identification Number (NIF).

Businesses in Spain must be represented by a person who holds a Spanish identification number. If this person is not Spanish, they must request an aliens' identification number (NIE).

7.1. Requirements for European citizens

Citizens of an EU Member State or of a country within the Agreement of the European Economic Area, have the right to live in Spain for more than three months, provided they meet one of the following requirements:



- Be an employed worker in Spain.
- Be a self-employed worker in Spain.
- Have enough resources not to become a burden to the Spanish welfare system while in Spain (set at 5,108.60 € for a single, EU citizen).

If meeting at least one of these requirements, a valid health insurance (private or public) issued in Spain or in another EU country should be provided.

7.2. Steps to be taken at the aliens office

When operating in Spain for economic, professional or social purposes, a personal identification number called NIE (Aliens Identification Number) will be provided.

In order to apply for the NIE, it is required to:



- Rent a house and show the renting contract.
- Obtain the census certificate from the home Town Council.
- Open a bank account with funds enough to meet Spanish requirements.
- Obtain a private insurance with similar coverage to the Spanish National Health Service.
- Go to the National Police Station or the Aliens Office.

7.3. Requirements for non-european citizens

Non-European citizens willing to live and/or be self-employed in Spain will need a temporary residency and work permit to carry out a business activity. The Spanish embassy or consulate in the country of origin is meant to issue this permit.

The Ministry of Employment and Social Security provides further information on:

<http://extranjeros.empleo.gob.es/es/InformacionInteres/InformacionProcedimientos/Ciudadanosnocomunitarios/residirtrabajar.html>

After obtaining a visa, the next step is to apply for an aliens' identity card (NIE) within a month-time.

whytenerife.com