



AUGUSTAABOGADOS

INFORMATION ALERT

24th July 2024

Annual Reports on Foreign Investment in Spain and Spanish Investment Abroad

We remind you that, as every year, all companies whose financial year coincides with the calendar year and are owned by a non-resident or have investments abroad, must check whether they are obliged to file annual reports on foreign investments in Spain and Spanish investments abroad (forms D-4 and D-8).

The Spanish Royal Decree 571/2023 of 4 July on Foreign Investments, in force since 1 September 2023, has modified the conditions for the submission of foreign investment declarations.

In addition, in January 2024, a Spanish Ministerial Order ECM/57/2024 was published, which regulates the procedures applicable to foreign investment declarations and the presentation of annual reports, as well as the corresponding Resolution of the Directorate General for International Trade and Investment, which approves the standardised models for these declarations.

New this year, companies that closed their financial year on 31 December 2023 have until 31 July 2024 to submit their annual report on foreign investments.

Although the nomenclature has not changed with respect to the previous regulation, the models to be used for the annual reports on foreign investments in Spain and Spanish investments abroad are as follows:

Barcelona

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08017 Barcelona
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Madrid

Antonio Maura, 18, 2.^a
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Brussels (with IUROPE)

Avenue de Cortenberg, 52
1000 Brussels (Belgium)
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Form D-4: Annual report on foreign investment in Spain

This annual report must be submitted by Spanish companies or branches with foreign shareholdings in the following cases:

- a. When branches in Spain of non-resident companies have an endowment or net worth of more than 3,000,000 euros.
- b. In the case of Spanish companies that are dominant in a group of companies as defined in Article 42 of the Commercial Code, and provided that the non-resident investor holds 10% or more of the share capital or voting rights.
- c. In the case of Spanish companies with a share capital or net worth of more than 3,000,000 euros and with a non-resident investor holding of 10% or more.

For branches of non-resident companies, a threshold has been introduced that did not appear in the previous existing Spanish Royal Decree, so that now only those with an endowment or net worth of more than 3,000,000 euros are obliged to submit the annual report.

In the case of collective investment undertakings and collective investment undertakings of a closed-end nature, such as hedge funds, real estate, venture capital and alternative investment funds, they are only required to submit the annual report if they have a corporate legal form (SICAV).

Form D-8: Annual Report on Spanish Investment Abroad

This annual report must be submitted by resident holders of investors abroad in the following cases:



- a. In the case of investments in foreign branches of resident companies with an endowment or net assets of more than 1,500,000 euros.
- b. In the case of investments in foreign companies whose business is the direct or indirect holding of shares in the capital of other companies, irrespective of the amount of the investment, and provided that the resident investor holds 10% or more of the share capital or voting rights of the foreign company.

As with the previous Form D-4, changes have also been introduced for foreign branches and, unlike the previous regulations, which required the declaration of all branches, they must now only be declared if their endowment or net worth exceeds 1,500,000 euros. In addition, for foreign companies, both share capital and equity are now considered, instead of only equity, as was previously the case.

For collective investment undertakings and closed-end collective investment undertakings, the same applies, so they only must submit the annual report if they have a corporate legal form (SICAV).

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