

Listed companies of Real Estate Investment (REIT)

What is a SOCIMI-REIT and which are the main features?

SOCIMI (Listed Companies of Real Estate Investment), or REIT as it is known in English, are listed limited companies whose main activity is the acquisition, promotion and rehabilitation of urban assets for lease.

SOCIMIs main features are:

- A minimum share capital of **5 million euros**.
- They must be listed on a regulated Spanish or European market.
- At least 80% of its assets must be invested in:
 - urban properties for lease;
 - land for the promotion of real estate for lease;
 - the purchase of shares of other SOCIMIs.
- SOCIMIs real estate assets must be leased for at least **three years**.

With regard to the **distribution of profits**, at least **80% of the income must arise from lease of investment property** and from dividends or profit shares obtained from those holdings.

Tax regime for SOCIMI-REIT and its partners

It is an **optional regime** and must be communicated at least **3 months before** the end of the previous exercise to which the regime is intended to be applied.

They will be taxed at a **rate of 0% in Corporate Income Tax**, although, certain rents will be taxed at the general rate if the three-year requirement of permanence named above is breached.

The company will be subject to a **special rate of 19%** on the full amount of dividends or profit distributed when the partners have a stake equal to or higher than 5% and the dividends received are exempt or taxed at a rate of less than 10%.

Partners who are legal persons and receive dividends and income derived from the transfer of shares, **will not be able to apply the exemption by double taxation**. If the partner is non-resident without Permanent Establishment and has a share of more than 5%, he will not be exempted from Article 14.1.i of the Non-Resident Income Tax Law.



FONT & YILDIZ www.fontyildiz.com is a boutique consulting firm that provides tax and legal services to both, local and international corporate groups, individuals and start-ups, with comprehensive advice in all manner of legal and economic affairs.

Our organization is structured in different areas of expertise:

- International Investments
- Tax compliance
- Corporate/Commercial Law – M&A
- Private Client – Financial Management M & A
- Real Estate – Investment Opportunities
- Global Mobility
- Litigation
- Start Ups
- Accounting, tax and Labor compliance services.

Our Firm counts with English, Turkish, French, Portuguese, Spanish and Catalan speaking lawyers and economists, all of them professionals that would be happy to assist you. For more information, please contact us info@fy-legal.com

The information provided in this document is only for informative purposes and it must not be interpreted as legal assessment, legal opinion or any kind of advice regarding any specific fact or circumstance. In this sense, the hereby document is not binding and simply disseminates an opinion, and therefore, we advise to not act on the basis of the information provided without previous professional assessment. Thus, FONT & YILDIZ will not be responsible and does not offer any warranty of any kind regarding the use that any part might give to the information here provided.
