





DESTINATION PROFILE: **SPAIN**

Young and Modern, Sunny and Culturally Rich

By Christine Martin and Jerry Funaro, CRP, GMS-T

The kingdom of Spain is the second-largest country in the European Union (EU). The country's cultural heritage as a crossroads of civilizations—including the Celts, Romans, Visigoths, Arabs, and Jews— together with its almost 8,000 km (5,000 miles) of coastline, abundant sporting facilities, and colorful culture make the country an appealing and welcoming destination for expatriates. Despite variations among the different regions in Spain, the country generally enjoys a typically mild, sunny Mediterranean climate. Taken together, all of this offers expats an exceptional quality of life.

Since joining the EU, Spain has developed one of the most significant economies in the world, both in size and as an attractive destination for foreign investment. Companies locate in Spain to serve the large domestic market and use the country as a base to reach markets throughout the EU and worldwide. Spain today is a modern, knowledge-based economy, with services accounting for about 70 percent of economic activity. Tourism remains the most important industry, with 68 million visitors this year. But Spain has gradually become a center of innovation, supported by a young, highly qualified workforce and labor costs that are competitive by Western European standards.

Spain is a markedly urban society, and expats tend to live in the main cities. Compared with other Organization for Economic Co-operation and Development (OECD) countries, Spain's population is relatively young. The country has also received a significant inflow of immigrants in recent years; this has helped to offset the consequences of an aging population.

Spain is an energetic, creative, and competent culture. It is recognized worldwide for its painters, opera singers, architects, and other creative professionals, not to mention its movies, clothing, exceptional cuisine, and competitive football (soccer) and basketball leagues.



Doing Business: Culture and Behavior

Spain retains a relatively formal business culture. Personal relationships are very important for building the trust needed to conduct business. In many cases, social bonds serve to guarantee agreements, and a handshake can even replace a written contract.

Business meetings are set more to exchange ideas. They may not necessarily result in decisions on the spot—something that those from more direct, task-oriented cultures might find frustrating. It is important to remain patient, as final decisions will be made afterward by the most senior manager in the company.

The concept of time is more fluid and flexible than in some other European and American cultures, though Spain is moving toward the global business norm. Still, meeting deadlines can be a challenge in some regions, so plenty of time should be budgeted. Showing an interest in the Spanish culture and language will certainly facilitate communication. Being aware of the latest football match results on Monday morning is almost considered a must!

Language

Castilian is the only official language for the nation of Spain. But the languages of Spain include co-official languages in some communities, such as Basque, Catalan/Valencian, Galician, and Occitan (Aranese). Most are widespread enough in their home regions to be used in local newspapers, books, and television. For example, Catalan is the main language used by the local government and in the public schools of Catalonia. When in a Catalan business environment, Catalan will be considered the primary language. This will hold true with other regions and co-official languages as well.



Work Permits and Residency Visas

Nationals of EU countries, Iceland, Norway, Liechtenstein, or Switzerland do not need a visa to enter Spain, only a passport or a valid official identity card (ID). All EU nationals planning to reside in Spain for a continuous period of more than three months are required to obtain an EU Citizen Register Certificate. Like all foreigners living in Spain, they will be assigned a NIE, an identification number required for filing taxes and all other transactions with the state as well as for buying property, establishing a business, opening a Spanish bank account, setting up a mobile phone contract, etc.

Relatives of Spanish nationals or of nationals of another state associated to the European Economic Area Agreement or of Switzerland who are planning to live in Spain for more than three months must apply for and obtain an EU Citizen Relative Card.

Nationals of countries outside the EU, the European Economic Area, or Switzerland who wish

to remain in Spain for more than three months and/or work there must apply for a permit.

Spain issues different kinds of residence and work permits depending on the kind of work the foreign national is intending to do in the country. The resident can be a regular salaried employee, a highly skilled employee, a self-employed worker, or a business entrepreneur. In September 2013, the categories of nonresident investor and resident investor were added.

For EU nationals, it is simple to obtain a permit to allow a spouse to work in Spain. But actually finding a position is likely to be considerably more difficult, considering the high unemployment rate that continues to prevail. A spouse needs to have skills that are in demand and fluency in the language. For non-EU nationals, the most viable option is starting a business and self-employment. Part-time jobs are scarce.



Housing Practices

Expats live mostly in the main cities and their immediate outskirts. Their priorities are usually the proximity to international schools and a reasonable commute to work. Multiple listings do not exist, and depending on the region, up to 90 percent of the properties are managed by real estate agencies, mostly on a nonexclusive basis. In other regions, up to half the properties are offered directly by the owner.

The typical long-term lease is for a minimum six months for the tenant and a maximum rental period of three years for the owner. Large deposits

are commonly required. When entering into a lease agreement, it is advisable to seek the assistance of a lawyer or your relocation management company.

Rental prices depend mainly on supply and demand. The recent financial crisis has obliged the owners to improve the quality of their properties in order to obtain the best possible price. Normally expats rent, but after some time in the country some do decide to take advantage of the significant drop in real estate prices that has occurred during the past few years.

The Cost of Living

The cost of living in Spain has increased over the years—especially since the country joined the EU and the eurozone—while the average salary has not quite kept pace. Nevertheless, Spain’s major cities are still far less expensive than other European cities, helping to maintain an excellent quality of life overall.

Numbeo’s 2015 global cost of living index ranks Spain 46th out of 125 countries. The Numbeo survey uses New York City as a benchmark, with a base consumer price index (CPI) of 100. Spain’s CPI was 56.55, so the cost of daily goods in Spain was not quite half their cost in New York.



The Spanish School System

There are three types of schools in Spain: state, state-funded (or semi-private: *concertado*), and private.

Tuition is free in the state schools, as they are completely funded by the government. As suggested earlier, in certain regions, the local, co-official language will prevail in most of the curriculum. In these regions, the international private schools will be the sole option for expats.

Tuition is greatly reduced in the case of the *concertadas* schools, as they receive some government funding.

Private schools are privately financed. Some foreign schools—for example, German and French—receive partial funding from their national government.

Primary education is compulsory in Spain from the age of 6 to 16, when students can choose to leave school and start working or finish high school in order to enter university. Bear in mind that Spain still maintains a strong religious affiliation to Catholicism, evident in Spanish semiprivate and private schools.

Social Security and Health Care

In Spain, social security contributions are earmarked for sickness and maternity benefits, old-age pensions, industrial injury compensation, disability payments, and death benefits. To contribute to the Spanish social security system and access the public health system, you need a social security number. Employers take care of the social security procedures on behalf of their salaried employees. Self-employed individuals need to apply for their social security number in person.

EU nationals or EU-registered residents are entitled to receive emergency medical care within the European Union. Others will need to arrange for private medical insurance. Although Spain's public medical care is considered good, it is customary to have additional private health insurance coverage that will reduce, in some instances, the waiting time and give you more freedom to choose specialty doctors.



Managing Assignments in Brazil?

Vibrant carnival festivities, passionate soccer matches, and spectacular scenery are just a few of the benefits of an assignment in Brazil; however, companies and their employees may also face numerous challenges that can threaten assignment success. With Brazil ranked as not only a top-growth destination but also one of the most challenging for global assignments, relocation managers need to understand how culture, market practices, and bureaucracy play a major role in an assignee's life on the ground, as well as in their companies' mobility goals.

For tips on managing assignments to Brazil, email trustedguidance@cartus.com and ask for a copy of Cartus' *Best Practices: Brazil*.



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Shipping and Customs

When traveling to Spain, you need to be aware of the customs restrictions in place. For example, no animal food products can be taken into or out of the country, and if you bring more than 6,000 euros into the country, you need to declare the amount when you arrive.

When you are shipping household items and other personal possessions to Spain, certain documentation is required. This includes proof of identity, details of your residency status, a bank guarantee if there is no residency documentation, a document from the country of origin to confirm that you have lived there for a minimum of six months, proof you will reside

in Spain for a minimum of two years, and details of your employment in Spain, if applicable.

It is necessary to confirm that all items being shipped are listed and at least six months old. If the documentation is not complete or correct, you may be charged import duty, and there will be delays to clear the shipment. There are also restrictions on items less than six months old, firearms, antiques, and artwork. The customs process is fairly complicated, and it is advisable to use the services of an import agent to make sure you have the correct documentation and duty calculations.

Economy and Taxes

Spain is the fifth-largest economy in the EU, and it is the fastest-growing market at a rate estimated at 3.1 percent for 2015. The country is now slowly emerging from seven years of the longest recession since the country's introduction of democracy in the 1970s. It has been praised for the austerity measures it has taken but nevertheless still has the second-highest unemployment rate in the EU at 22.2 percent.

If you reside in Spain for more than 183 days per year, you are considered a resident and are liable for paying taxes in Spain on your worldwide income. If you reside less than 183 days per year, you are not considered a tax resident and pay tax only on the income earned in Spain. Income tax

rates vary depending on the level of income and the region where you live. Taxes have been reduced recently, and the highest rate applicable for 2015 is 48 percent.

In 2005 Spain passed the Beckham Law, named after well-known football player David Beckham. It provided for a greatly reduced special tax rate for football players with very high income to encourage them to maintain residences in Spain. The tax break was later expanded to foreign professionals to entice them to live and work in Spain. Provided you stay a maximum of five years, only the income earned in Spain is subject to Spanish taxation, and a maximum flat rate of 24 percent is applied.

Unexpected Spain

Here is a brief anecdote on Spanish shop hours and the myth of the “siesta.”

An American woman spent her first few weeks in her new residence in the outskirts of Barcelona very puzzled by the fact that she always went to the same shop after picking up her kids from the international school at 4 p.m. and always found the shop closed. In fact, all the shops seemed to be closed. She could not understand why all the shops in that village closed before 4 p.m. but assumed that was the closing hour, as she had no other explanation.

Finally she was able to talk to a local resident who explained that the shops opened in the morning but closed for lunch and siesta between 2 and 5 p.m. Then they re-open until about 8:30 p.m. In fact, no siesta is involved. Spain has long working hours, and small businesses cannot be open all day, so they choose to be open when there is most traffic, during the morning and in the evening, when Spanish schools and some jobs finish. *M*

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