Grants and incentives

From the set of public administrations, a wide range of grants and investment incentives are offered. In addition, since Spain belongs to the EU, investors have the possibility of accessing to European grants programs.

The grants are aimed at several sectors and groups and are not only articulated in the form of direct subsidies, but also through tax incentives and bonuses, as well as businesses support services.

Training and Employment

There are incentives for employment and the training of workers that allow savings in labor costs. The Servicio Público de Empleo (Public Employment Service) (www.sepe.es) publishes bonuses and reductions for hiring.

The hiring of workers is promoted granting to companies through bonuses in Social Security contributions, in order to encourage the creation of stable and indefinite employment. This aid system is applied in various cases, the main ones being:

- Indefinite hiring of support for entrepreneurs: tax incentives for contracts for workers under 30 years old and contracts for unemployed workers.
- Bonuses for the indefinite hiring of workers in special situations and for people with disabilities.
- Encouraging employability by modifying the contract for employment training and learning.

On the other hand, for the improvement of the qualification of workers, in Spain the system of Professional Training for Employment (www.fundae.es) grants a training credit to companies, depending on their size and hired workers, which is done cash through bonuses in Social Security contributions.

At the regional and local levels, training is also supported, mainly aimed at creating companies.
Support for self-employment

The Community of Madrid offers support to entrepreneurs through initiatives such as, for example, the extension of the flat rate for self-employed workers, already granted by the central government, subsidies for self-employed workers, access to premises under preferential conditions, as well as advising and training programs for entrepreneurship.

On the other hand, the Madrid Town Hall offers spaces for entrepreneurship, as well as advice, networking events and training for the creation of companies.

R & D & i

There are financial and tax incentives for activities developed in several sectors for the promotion of innovation projects and technological improvement. These actions are articulated through several state programs, and they are implemented through instruments such as: calls for competitive grants, loans under preferential conditions, venture capital, communication actions and other European financing instruments.

The work of the Centro para el Desarrollo Tecnológico Industrial (Spain's National Innovation Agency) (cdti.es) stands out both in the granting of credits and in the technical support in the presentation of projects. Different lines of support stand out:

- **Research and development projects**, for the creation and significant improvement of a product or service, comprising both industrial research and experimental development activities.

- **Innovation Line.** Financing instrument focused in companies that develop technological innovation projects.

- **Global Innovation Line**, for the financing of investment projects in innovation and incorporation of innovative technology for the growth and internationalization of companies that develop their activities in Spain.

- **Technological fund.** As a special item of FEDER funds of the European Union dedicated to the promotion of business R & D & I in Spain, its distribution is prioritized for those companies that perform projects in regions with a low-level of GDP per capita.

- **INNODEMANDA Program**, as a funding instrument to support the technological offer that attends to innovative public procurement processes.

- **NEOTECA Initiative**, to facilitate the creation and consolidation of new technology-based companies.
• **INNVIERTE Program**, focused to promote business innovation by supporting venture capital investment in new technology-based companies.

The Spain’s National Innovation Agency (cdti.es) also offers support in the internationalization of companies, promoting technological cooperation with initiatives such as **EUROSTARS** or **ERA-NET**.

**Society of Information**

Through Red.es (Ministry of Energy, Tourism and Digital Agenda) aid is called for the improvement of the information society and digital transformation.

On the other hand, the Chamber of Commerce of Spain grants aid to the digitalization of SMEs with actions such as improving productivity in the cloud and e-commerce. These projects are executed by the territorial chambers.

**Renewable energy**

The Renewable Energy Plan (2011-2020) establishes objectives foreseen by the community regulations regarding the promotion of the use of renewable sources and grants incentives to investments in technological innovation carried out by companies in this field. Within this framework, the Institute for the **Instituto para la Diversificación y Ahorro de la Energía** (Diversification and Saving of Energy) (www.idae.es) has been developing a series of specific aid programs in the renewable energy sector, highlighting:

- **PAREER program**, for the rehabilitation of buildings.
- For mobility and vehicles.
- For energy efficiency in the industry.
- For water desalination.
- For the renovation of exterior lighting installations.
- For renewable energy installations

The Community of Madrid also grants public subsidies through the Energy Plan of the Community of Madrid Horizon 2020 to support renewable energy and is aimed at all citizens, businesses and institutions of the Community of Madrid through actions that affect all the sectors.

Highlights include initiatives such as the renovation of lifts, household appliances and common electrical installations and investment aid for the replacement of fossil fuel boilers by forest biomass boilers.
Tourism sector

The Spanish Horizon 2020 Tourism Plan aims to improve the Spanish tourism system to make it more competitive and sustainable. It seeks to boost the competitiveness of companies and tourist destinations with financing programs such as:

- **Emprendetur Jóvenes Emprendedores** aimed at financing projects and business models appropriate to certain areas of scientific and technological knowledge in the tourism sector (energy and sustainability, ICT, materials and construction, etc.).
- **Emprendetur R & D & I**, for the financing of projects and business models aimed at strengthening the innovative potential and competitiveness.
- **Emprendetur Internationalization**, aimed at opening new international tourism markets, increasing or boosting existing ones and exporting Spanish tourism products or services to another countries.

Sector audiovisual

The Law 55/2007, of 28 December, about Cinema, developed by Decree 2062/2008 of 12 December, seeks to reinforce and promote the production, distribution and exhibition of works, with measures consisting of subsidies from variable amount depending on the beneficiaries, mainly aimed at the creation of scripts and development of projects; aid for the amortization of feature films and short films; aid for the distribution of films and aids for the exhibition halls.

It is worth mentioning the attractive fiscal incentives in this sector. Investments in Spanish film and audiovisual productions entitle the producer to a tax deduction of 25% of the first million euros and 20% if it exceeds that amount, with a maximum of 3 million euros per production. There are also tax advantages for foreign productions, because there is a right to a tax deduction of 20% of the costs incurred in Spanish territory in their production, if these costs amount to at least one million euros.

Industrial investment

To mitigate the effects of relocation and adaptation of industries, support actions aimed at promoting the creation of industrial fabric are being carried out, through programs such as:

- The Program of Aid for **Reindustrialization Actions** is a regional aid program that seeks sustainable development of the territory through the regeneration and / or creation of industrial fabric and acts as a priority in those disadvantaged areas, promoting investment in both industrial infrastructures and in business initiatives of a productive nature.
• Program for the **Promotion of Industrial Competitiveness**, which aims to support the execution of any type of improvement or modification of existing production lines.

**Financing under preferential conditions**

SMEs have traditionally received special treatment and in this case, the financing offered by the ENISA (www.enisa.es), mainly with participatory loans, through the following lines:

• **ENISA Young Entrepreneurs**: facilitates access to preferential financing for newly created companies by entrepreneurs up to 40 years-old, with the only guarantee of the business project.

• **ENISA Entrepreneurs**: financially supports SMEs of recent constitution, promoted by entrepreneurs with no age limit.

• **ENISA Growth**: Aimed at financing projects focused on expansion and competitive improvement.

On the other hand, the Instituto de Crédito Oficial (Official Credit Institute) (www.ico.es) is a public business entity that offers various financing lines:

• **ICO Empresas y Emprendedores**, for the granting of loans to self-employed, both Spanish and foreign companies that make productive investments in Spain and/or need to cover their liquidity needs.

• **ICO Line Guarantee SGR / SAECA**: granting loans to self-employed workers, companies and public and private entities that have an endorsement and that make productive investments in Spain.

**European aid**

European Union aid is usually aimed at promoting the development of regions with a lower wealth and employment index, and those that suffer from industrial relocation processes, but a redefinition has been promoted towards the promotion of research and development and the optimization of human capital, among others. Such aids are channeled through the Public Administrations and financial entities that act as intermediaries.

Among the aid instruments available to the EU, the most important are:

The **European Investment Bank** (www.eib.org) supports projects that promote the development of the less favored regions and thanks to its credit capacity it benefits projects related to the protection of the environment, the use of energy sources, improvement in the industrial competitiveness in the EU, the development of SMEs, improvement of European infrastructures, or projects aimed at the modernization of the health and education sectors.
The European Investment Fund (www.eif.org) was created with the purpose of supporting SMEs by facilitating their access to financing in a context of reduced financing by credit institutions. Financial products reach the market through collaborating financial entities.

The European Union has established a new regulatory framework with common and specific rules for the European Structural and Investment Funds (ESI Funds): European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund, the European Agricultural Guarantee Fund for Rural Development (EAFRD), the European Maritime and Fisheries Fund (EMFF).

Research, Innovation and Development Programs (R + D + I). The EU has been establishing programs of a multiannual nature that contain the lines of action of the Community policy on research and development, allocating important resources for its implementation. The Program for Research and Innovation in the EU for the period 2014-2020 is called "Horizon 2020" and it is worth mentioning, for example, the grants granted through the "SME Instrument".