



TENERIFE FREE ZONE (<https://zonafrancatenerife.es>)



## Benefits

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### 2.4.1. TFZ ADVANTAGES

- **Activities:** Any type of industrial, trade or services activity may be carried out within the Free Zone.
- Fully exempt from import tariffs, direct and special taxes on imported goods proceeding from or shipped to a third country outside the European Union. When the final destination of the imported goods is the European Union, the tariff and tax obligations are suspended until they leave the Free Zone.
- **Indefinite storage:** Within the FZ, goods may be stored without a time limit, while any tariff and tax payment obligations are suspended on the imported goods.
- **Customs handling simplified:** The control of incoming and outgoing goods is carried out through an Inventory Accounting System, a computer application that allows telematic control by the customs and tax authorities, reducing paperwork and documentation. Simplifying customs formalities means not having to submit a declaration prior to the entry of the goods by streamlining its handling.
- **Usual forms of handling:** In the FZ, goods may be subject to usual handling to guarantee their preservation, improve their appearance or their commercial quality, or prepare them for distribution or resale, without the need for customs authorization.
- **Substantial processing:** Goods in the ZF may undergo substantial transformation with the prior and express

authorization of the customs authority, through its linkage to Transformation regimes under Customs control when the destination of the resulting final product is the European Union, or through its linkage to an Active Improvement scheme where the final destination of the product is re-exported to a third country outside the EU.

- **FZ located within port area:** It offers the logistical advantage of being close to the berthing line and the arrival of containers as well as the proximity to the new Port Inspection Center that streamlines all inspection handling while centralizing related services: SOIVRE (Official Service for Inspection, Supervision and Regulation of Exports), Customs and Foreign, Animal and Vegetable Health.

## **2.4.2. TAX BENEFITS**

The biggest advantage of a Free Zone located in Tenerife and its main added value compared to other European Free Zones, is its complete compatibility with instruments and inherent economic stimulus of the specific **Economic and Tax Regime (R.E.F.)** applicable to the Canary Islands. This compatibility implies that the following specific advantages derived from our status as Outermost Region of the European Union are added to the customs advantages of the ZF:

### **1. CANARY ISLANDS SPECIAL ZONE (ZEC).**

The compatibility and overlapping of the areas of the FTZ and the ZEC Zone allows, under certain employment and investment generation requirements, the operators of certain activities carried out within the free zone of Tenerife to enjoy a reduced tax rate of only 4% of Corporate Tax in force in Spain.

Among the requirements to obtain such benefit, we highlight the following:

- **Initial investment** of at least **100,000.00 €**.
- **Creation** of at least **5 jobs** within the first 6 months following registration, and maintain that average number as long as the company is within the ZEC.
- **Authorized Activities in the ZEC Zone:** The list of industrial, trade and services activities eligible for the ZEC Zone are expressly assessed. Among the suitable activities in the FTZ are all those relating to processing and manufacturing involving the import of items or raw materials from third countries, with the subsequent aim of reexporting the final product.

## **2. RESERVE FOR INVESTMENTS IN THE CANARY ISLANDS (RIC)**

The reserve for investments in the Canary Islands was implemented with the objective of stimulating the investment effort from its own resources, i.e. self-financing of investments of companies that engage in commercial activities on the Canary Islands. The RIC makes it possible to reduce the taxable amount, up to 90% of the Non-Distributed Benefits (BND) in Corporate Tax by the amount that the establishments located in the Canary Islands destine from their profits to the endowment of the Reserve for Investments in the Canary Islands.

In order to adhere to the RIC, the company must be permanently established on the Canary Islands, no matter where its registered office is. As regards its requirements, it is necessary to materialize the reserve through the acquisition of fixed assets within one of the following investments:

1. Initial investment;
2. Job creation;
3. Acquisition of assets that do not constitute an initial investment;
4. Subscription of shares or shares in companies for the constitution or increase of capital and public debt in the Canary Islands.

### **3. NON-APPLICATION OF ECONOMIC CONDITIONS TO INWARD PROCESSING TRAFFIC.**

In the Tenerife Free Zone there is no limitation related to applying trade policies or economic conditions established by the European Union, thus, guaranteeing free access to the international raw materials market.

The Economic Order conditions in force in the rest of the Community Free Zone as restrictions, quotas or entry quotas, impede or limit the freedom of supply of commodities, raw materials and components from third countries to carry out transformation processes under the Active Improvement Regime. However, companies located in the Tenerife Free Zone may go to the international market for supply without any limitation, provided that the final product resulting from inward processing is in turn re-exported to a third country.