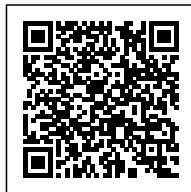


# ENTREPRENEURIAL LAW SPARKS FIERCE DEBATE

*Posted on 23/10/2013*



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## **New law causing controversy over working implications and fulfilling its objectives of long-term change to a risk-adverse culture**

The introduction of Spain's new Law on Entrepreneurship and Internationalisation, although initially welcomed, is now receiving a mixed reception by lawyers. Lawyers are not convinced how this law will work in practice, when it appears on closer inspection that one law cancels another out, they say, such as the voluntary nature of the VAT regime and the limited liability measure, which still leaves companies exposed to social liabilities.

"The intention is good, but I can see that certain aspects haven't been thought out within the context of other laws and its impact thereon," says Maria Pilar García Guijarro, Madrid Managing Partner at Watson, Farley & Williams. "Also, this is a first step, but it needs further development in order to achieve the intended applicability of the Law."

There is also heated debate about whether a single law can change the mindset of a country where entrepreneurship is viewed as an alternative career choice. Some lawyers say that the law, while

vague, actually sets up all of the principles and policies fixed by the Government – a keystone to try and change Spanish attitudes to becoming entrepreneurs.

Many also support the Government's strategy of going into Spanish schools and teaching children about being entrepreneurs at every level to ensure it is ingrained in their thinking. However, some lawyers interpret this line of action as being motivated more by international public relations.

"Changing the business culture and fostering entrepreneurship in Spain is not something you can just do with one single law," says Gonzalo Cerón, Head of Corporate at Olleros Abogados. "Although some of the regulations represent a fair effort to provide emerging business with useful tools and incentives, others like those regarding entrepreneurship at educational stages are fairly superficial and feel as if the Government were just ticking some boxes."

Concerned that this new law is just electoral promise, many lawyers now want to test out the modifications and see whether they are applicable in real life or just work on paper.

As the permit to work in Spain has now been significantly shortened, internationalisation is firmly under the spotlight, with many believing that it will take more than a few financial measures to incentivise foreign investment. However, there are those who remain cautiously optimistic and acknowledge that although the law in this area still needs development, the ideas around hiring foreign talent are interesting and have huge potential.

But for many, the complexity of this new law brings with it opportunities. "In terms of generating work, it won't be about the simplified processes that are being established," explains José Soria, co-Head of the Entrepreneurship Department at Uría Menéndez. "It will be about advising on, among others, tax issues, as clients need help understanding how all the reductions work."

Others predict that generating more work will come down to taking the time that clients don't have, working out what is relevant. "This law touches on so many things and is aimed at so many different collectives that you cannot simply decide whether it applies or not to your clients," says Cerón, "so our internal work will come from catching up with the latest developments and choosing which incentives and regulations can be useful to each of them".

Whether this law will work in practice has yet to be proved, but lawyers across Spain unanimously agree that there is still a fundamental problem surrounding this law – a lack of available funding to help entrepreneurs.

"Despite all the positives, there is a big 'but' – entrepreneurs still have huge problems obtaining financing," says Soria. "If they had access to it then I'm sure this new law would incentivise a lot of people to create new companies and become entrepreneurs."

The fact that business groups have put pressure on the authorities to try and improve the situation in a complex situation – with very limited availability of funds – and that they have been listened to is a huge positive, adds Cerón.

But despite this ongoing concern, many are reluctant to be too critical of a new law in its infancy, and believe it's definitely a step in the right direction by the Government.