MURODEL
WEALTH MANAGEMENT



PRACTICAL GUIDE · WEALTH · LIQUIDITY EVENT

Practical guide after a liquidity event

What to do before and after selling a business: taxation as an individual or through a holding company, timeline, reinvestment and wealth protection.

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WEALTH · LIQUIDITY EVENT

What a liquidity event is

Selling a business, a significant shareholding or a significant property turns concentrated, illiquid wealth into cash. Some decisions, such as the seller's structure, must be taken before signing; others, such as reinvestment, afterwards.

This guide sets out the decisions in chronological order: what to prepare before the transaction, how the sale is taxed depending on who the seller is, what to do in the first months and how to invest and protect the resulting wealth.

AT A GLANCE

30%	Top personal income tax rate on the gain if the individual sells.
1.25%	Effective tax on the gain if a holding company sells with the 95% exemption.
5% · 1 year	Minimum stake and holding period for that exemption.
€100,000	Deposit Guarantee Fund coverage per depositor and institution.

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01 · TAXATION OF THE SALE

Who sells: individual or holding company

The structure used for the sale is decided before the transaction. Once signed, the options are greatly reduced.

Individual

The gain (sale price less acquisition value and expenses) is taxed in the **savings base of personal income tax (IRPF)**. The scale is the same in all autonomous communities, so a seller in Madrid and one in Málaga pay the same:

Savings base	Rate
Up to €6,000	19%
6,000 to €50,000	21%
50,000 to €200,000	23%
200,000 to €300,000	27%
Over €300,000	30%

The money is available after tax for any personal use.

Holding company

If the shares are held by a company, the gain is **95% exempt** from Corporate Income Tax (Article 21 LIS) when the stake is at least **5%**, has been held for **one year** and the company sold is not an asset-holding company. The remaining 5% is taxed at the general rate: an effective **1.25%**.

The money remains in the holding company. As long as it is reinvested within it, the tax cost is minimal; when it is distributed to the shareholders as a dividend, it will be taxed in their personal income tax.

Case study

A businesswoman sells for €10,000,000 the company she founded, with a tax base cost of €1,000,000. Gain: €9,000,000.

	The individual sells	Her holding company sells
Tax	€2,681,880 (IRPF)	€112,500 (CIT)
Available after the sale	€7,318,120 (in her personal estate)	€9,887,500 (in the holding company)

> The holding company does not eliminate personal tax: it defers it until dividends are distributed. Its advantage is the ability to reinvest 98.9% of the price instead of 73.2%.

Contributing shares just before selling

Setting up the holding company by contributing the shares shortly before the sale, under the deferral regime for share exchanges, requires a **valid business reason** other than tax saving. If the tax authorities consider that the sole aim was to avoid personal income tax on the sale, they may deny the regime. In addition, the Article 21 exemption requires a one-year holding period. This decision must therefore be taken **years in advance**, with a genuine management and reinvestment project.

Deferred consideration and earn-out

When part of the price is received in instalments and the last payment is made more than one year after the sale, the individual may recognise the gain **as payments are received** (Article 14.2.d of the IRPF Law). Price adjustments, warranties and escrow deposits should be reviewed with the tax adviser before signing.

02 · TIMELINE

Decisions over time

Before signing

- Structure of the sale: individual, holding company or a combination.
- Tax residence: if a move abroad is planned, the **exit tax** applies to unrealised gains on shares with a market value above **€4,000,000**, or above **€1,000,000** if the stake exceeds 25%, where the person has been resident for at least ten of the last fifteen years (Article 95 bis of the IRPF Law).
- Gifts of shares to children before the sale, where the family business requirements are met.
- Destination accounts and institutions for the money, and a liquidity plan for the first months.

First 90 days

- Set aside the **tax reserve**: the tax on the sale and the holding company's instalment payments should not be invested in risk assets.
- Place the cash temporarily in low-risk, highly available assets (money-market funds, Treasury bills, deposits spread across institutions).
- It is not necessary to invest the whole amount immediately.
- Define objectives: annual spending, personal projects, new businesses, legacy.

Tax dates

- **Individual:** the gain is declared in the following year's income tax return (April to June). If the cash is to be used before then, the amount should be set aside.
- **Holding company:** Corporate Income Tax instalment payments in April, October and December (Form 202) and annual return (Form 200).
- **31 December:** snapshot of net wealth for Wealth Tax and the Solidarity Tax on Large Fortunes.

First year

Design and implement the investment strategy gradually, review the will and succession planning, and adapt insurance to the new situation.

03 · REINVESTMENT

Investing the capital

Principles

- **Diversify:** wealth was concentrated in a single company; it must now be spread across asset classes, regions and managers.
- **Phase market entry** to reduce the risk of investing everything at a bad time.
- **Separate** wealth into blocks: liquidity, income for spending, long-term growth and alternative projects (private equity, real estate).
- **Portfolio taxation:** investment funds with the tax-free switch regime, allocation between individual and holding company, and monitoring the holding company's limit on non-business assets.

From the holding company

If more than half of the holding company's assets consist of financial investments without economic activity, it becomes an **asset-holding entity**: it is always taxed at 25% and its shares lose the Wealth Tax exemption and the family business relief for Inheritance Tax. Maintaining genuine activity or significant stakes in other companies helps avoid this.

From the individual

- In **Madrid** Wealth Tax has a 100% allowance, as it has in **Andalusia** since 2022; above €3,000,000 of net wealth, the **Solidarity Tax on Large Fortunes** applies.
- People over 65 can exempt the gain on any sale if they reinvest up to **€240,000** in a **life annuity** within six months.
- For those moving to Spain, the **Madrid investment tax credit for new residents** (Mbappé Law) may reduce the regional tax liability.

04 · PROTECTION

Wealth protection

Institution risk

Deposits are covered by the Deposit Guarantee Fund up to **€100,000** per depositor and institution. **Securities and funds** are not on the bank's balance sheet: they are held in the client's name and are unaffected by the bank's insolvency. Combining both is advisable and, if the amount warrants it, spreading custody across institutions.

Family and legal risk

- Review the **matrimonial property regime** and, where appropriate, execute a marriage settlement.
- Update the **will** and insurance beneficiaries.
- Consider a **family protocol** if the holding company is shared by several family members.
- Separate personal wealth from new business ventures that carry risk.

Written investment policy

Setting out objectives, concentration limits and investment criteria in writing makes it possible to assess the proposals received after the sale against the same parameters.

FAQ

Frequently asked questions

Can the holding company be set up after the sale?	Yes, but it does not affect the taxation of the sale already completed, which will have been taxed under personal income tax.
How long must the holding company hold the stake before selling?	The exemption requires the holding company to have held the stake for at least one year. Moreover, the earlier it was set up and the more genuine substance it has, the stronger the business reason.
How is the cash managed while the strategy is being defined?	Low-risk, highly liquid assets spread across institutions, with an identified reserve for taxes.
Is Wealth Tax payable?	In Madrid and Andalusia it has a 100% allowance, but above €3,000,000 of net wealth the Solidarity Tax on Large Fortunes applies, with a combined cap together with personal income tax.
What happens if the seller moves their residence abroad?	If the move takes place before the sale and the stake exceeds the legal thresholds, the exit tax applies to the unrealised gain.
Must the whole amount be invested in the first year?	Not necessarily. Phased investment reduces the risk associated with the timing of market entry.

REFERENCES

Legislation and case law

Provisions and rulings cited in this guide. The wording in force should be verified in each case in the Spanish Official State Gazette (BOE), the regional gazettes and the electronic office of the Spanish Tax Agency.

Legislation

- Law 35/2006 on Personal Income Tax: Articles 14.2.d) (instalment transactions), 33 to 37 (capital gains), 38.3 (reinvestment in life annuities), 76 (savings scale) and 95 bis (exit tax).
- Law 27/2014 on Corporate Income Tax: Articles 5.2 (asset-holding entity), 21 (exemption) and 76 to 89 (special regime for restructurings).
- Law 38/2022 on the Temporary Solidarity Tax on Large Fortunes.
- Royal Decree 2606/1996 on deposit guarantee funds.
- Legislative Decree 1/2010 of the Community of Madrid and Law 5/2021 of Andalusia.

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