Ceuta: Europe’s best taxation in the North of Africa

January 2019
The Autonomous City of Ceuta has almost 85,000 inhabitants living on a surface of 19.48 square kilometres of land. Thanks to its strategic location, the port of Ceuta plays an important role in the Strait of Gibraltar crossing, and communications between the Mediterranean Sea and the Atlantic Ocean. It enjoys a free port status and a number of tax advantages benefitting commerce. Economically, Ceuta is noted for the weight of the services sector.

The climate is of a sub-tropical or Mediterranean, characterised by mild temperatures, especially in winter, and scarce rainfall. However, this is attenuated by two significant factors: the landform and the surrounding sea. The landform, represented by the Mount Yebel-Musa, screens it from Atlantic winds carrying humidity, and the influence of the sea makes the temperature milder, both in summer and in winter. The annual average is 18.8°C.

Ceuta boasts a superb public funding framework, a first-class port, special national ICO funding lines, discounts for employer contributions to the Social Security. It also has multiple incentives, including an advantageous tax system and a beneficial status with the European Union.

Ceuta is not a territory with a special tax system, instead it has a system of discounts provided under general Spanish laws, except the indirect tax to the production, services and importations. It is therefore a part of the law and legal system of the European Union, offering the fullest guarantees to secure and protect individuals and companies alike. Additional enhancements are, on the one hand, a border with a developing continent and, on the other, a magnificent entry and exit port to the Mediterranean, affording it a privileged geostrategic location.
1. Tax on gaming activities
2. Corporate Income Tax
3. Labour costs: Social Security and Income Tax
4. Other tax enhancements
5. Services and activities that can be relocated to Ceuta
6. Other attractions
The tax attraction of Ceuta

The Tax Service of Ceuta is an autonomous administration endowed with its own legal personality and full capacity, attached to the Ministry of Economy and Finance of the Autonomous City of Ceuta, which has autonomy of mandate for compliance with the comprehensive management of the local tax system.
Ceuta, so much more than a coastal and border city

The Autonomous City of Ceuta has positioned itself as low tax location within the European Union, integrated in general Spanish law. It has a very favourable framework of regulations within the Union, compensated with a system of Rules of Origin which are a link to Community Markets. The purpose is to remove its geographical disadvantage, fostering its economic and social development and the diversification of its productive structure.

Who can set up businesses in Ceuta?

Generally speaking, any entities intending to carry on an industrial, commercial or services activities with a clear national focus, as it profits from the Spanish internal market at very reduced effective tax rates.

Which are the advantages for companies of gaming activities moving to Ceuta?

The recent tax measures approved, especially affecting gaming regulations, are truly favourable for the Autonomous City of Ceuta, allowing it to compete on a level playing field with other low tax territories in Europe, without the inconveniences of the territories classed as Tax Havens.

This significant tax reduction in gaming, a substantial reduction of Corporation Tax together with an indirect tax called IPSI (which is similar to VAT but has much lower rates), means that Ceuta has currently become a significant attraction pole of businesses, additionally boosted by its unique location, good climate and the fact that it is a cultural melting pot.
Tax on gaming activities

The likely exit of the United Kingdom from the European Union is raising doubts in the industry on the potential disappearance of many of the advantages situating Gibraltar as a leader in online gaming in Europe, and hundreds of British companies have spent months planning a move to other territories.

Ceuta has become a stable and up-and-coming attraction pole, additionally favoured by the full applicability of the legal system of the European Union, offering a greater degree of legal and financial security, as well as the fully applicability of the tax transparency treaties in agreement with the regulations of the OECD and G20 against tax evasion.

What is Ceuta’s current attraction for gaming?

To control amounts played online, the internal laws of many states bind operators to have a URL with a national extension. In Spain, to offer online betting, a national gaming licence is required, as well as a ‘.es’ website address.

The gaming reform enacted in Ceuta takes place at a time when the industry is in full transition and development, placing the Autonomous City in a better position in respect of other jurisdictions like Malta or Gibraltar.

Which rates are now applicable to gaming?

10% is levied on income from sport betting, horse racing bets and any other betting, including pooled, matched and crossed bets, raffles and contests of all kinds.

What income is this reduced rate applicable to?

Net income, i.e. the amounts devoted to playing the game, after subtracting the prizes paid out to the players.
Which requirements are needed for applicability?

Online gaming operators must have a company with a tax residence and truly situated in Ceuta.

What does this involve?

The tax regulations do not contemplate this concept of location, however, according with a consecutive law interpretation, having a premise and moving sufficient own resources to the autonomous city, on a quantitative level (workers) and a qualitative level (cost of staff) is enough to meet the requirements.

What indirect implications does it have?

One of the biggest disadvantages suffered by online gaming operators established both in Spain and in other EU countries is the impossibility of deducing the VAT paid on the advertising and marketing services that they hire. In the case of companies based in the Spanish Peninsula, this supposes an extra cost of 21% (general VAT rate in Spain).

In Ceuta, Tax on Production, Services and Imports (IPSI) is applicable. Online bets are exempt from this indirect tax.

To alleviate the inconvenience of the non-deductibility of the services contracted by the operators, a super-reduced rate of 0.5% has been established for the suppliers of consultancy, data protection and information supply for online gaming operations.

Meanwhile, under established requirements, operators located in Ceuta will not incur in an extra charge of up to 21% related to the indirect tax but the local tax of 0.5%, that will be lower compared with other jurisdictions (for example 18% in Malta).

Below, you will find a comparative chart including the main taxes of the jurisdictions of Ceuta, Gibraltar, Malta, and Spain under the CIT general regime.
## Tax on gaming activities

<table>
<thead>
<tr>
<th>Game operator</th>
<th>Item</th>
<th>Spanish client</th>
<th>UK client</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ceuta</strong> (Special regime)</td>
<td>Tax on gaming activities - igame bets (1)</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>Corporate Income Tax</td>
<td>12.5%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IPSI (VAT)</td>
<td>Exempt</td>
<td></td>
</tr>
<tr>
<td></td>
<td>¿VAT recoverable?</td>
<td>0.5% expense</td>
<td></td>
</tr>
<tr>
<td><strong>Spain</strong> (General regime)</td>
<td>Tax on gaming activities - igame bets (1)</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>Corporate Income Tax</td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>VAT</td>
<td>Exempt</td>
<td></td>
</tr>
<tr>
<td></td>
<td>¿VAT recoverable?</td>
<td>21% expense</td>
<td></td>
</tr>
<tr>
<td><strong>Gibraltar</strong></td>
<td>Tax on gaming activities - igame bets (1)</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>Corporate Income Tax</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>VAT</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td></td>
<td>¿VAT recoverable?</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Malta</strong></td>
<td>Tax on gaming activities - igame bets (1)</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>Corporate Income Tax</td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>VAT</td>
<td>Exempt</td>
<td></td>
</tr>
<tr>
<td></td>
<td>¿VAT recoverable?</td>
<td>18% expense</td>
<td></td>
</tr>
</tbody>
</table>

(1) The figures shown in this table have been made under the hypothesis of an operator with game license for operating in countries where the client-players are located, that for this example, Spain and the UK have been considered.
Ceuta's Tax Advantages

Corporation Tax

Companies established in the Autonomous City of Ceuta are subject to Spanish Corporation Tax according to general rules. However, they benefit from a highly favourable reduction, materialising in a discount of 50% of the payable amount of the tax.

Who can benefit from this incentive?

Any Spanish entity with a tax address and registered office in Ceuta. And companies not registered in Ceuta but operating in the Autonomous City through a permanent establishment or branch.

What income benefits from this tax incentive?

Income materially earned in Ceuta by entities effectively operating in the territory of Ceuta.

Additionally, where operations are carried out in Ceuta for more than 3 years, the discount shall be applicable to all income earned outside (with the limit of the income obtained in Ceuta) if at least half of the assets of the entity or the permanent establishment are situated in Ceuta.
Example

An entity situated in Ceuta which has been carrying on activities there for 7 years has conducted operations in this city providing it income of 230,000 euros. Meanwhile, in the Iberian Peninsula it has earned income amounting to 180,000, and 30,000 of this income is from property rentals. More than half of its assets are located in Ceuta.

How much is the applicable reduction?

ANSWER

In this case the reduction can be used for income earned in Ceuta and also income obtained in the Peninsula, with an exception being income from property rentals.

In this example:

- Tax base: €410,000
- Tax sum payable (25%): €102,500

**Saving** = Reduction: €47,500 \( \left( (230,000 + 180,000 - 30,000) \times 25\% \times 50\% \right) \)

**Total tax sum**: €55,000
Ceuta’s Tax Advantages

How are these terms interpreted?

The rules require that the entity closes an entire business cycle, and there are three conditions:

1. Sufficient material and personal means to carry on the business activity;
2. Production of assets and services for third parties;
3. Income generation, to obtain gains not only incurring costs.

In short, closing a commercial cycle not only means having material and human means in Ceuta, but these means must also be organised in this territory, i.e. it must be proved that a business activity is being carried on there. Additionally, work cannot exclusively be carried out for the central headquarters or other establishments of the above, where no income arises out of operations.

Summing up, income is defined as earned in Ceuta when there is an organisation of production means and human resources in this territory devoted to the production and distribution of goods and services, as long as these activities also give rise to direct income for the entity.

What specifications are there for certain services?

Income earned by an entity is considered to be from activities carried out in Ceuta when the services are used in this territory or in any other place and these services are carried out with an organisation of personal and material means situated in Ceuta.

Which activities get no discount?

Those which are not understood as closing an entire commercial cycle, such as isolated operations relating to extraction, manufacturing, purchasing, transport or the entry and exit of goods.
Which other income benefits from this discount?

The activities from fixed business establishments situated in Ceuta, with a reduction of 50,000 euros per person employed with a labour contract, working full-time and carrying on their duties in Ceuta, with a maximum reduction of up to 400,000 euros.

For instance, if an entity or group locates part of its business in Ceuta, even if the activity does not itself establish a full commercial cycle, however, the discounted income can be applied as long as there are personal means hired in such territory, albeit respecting the limit of 400,000 euros of income.

Example

An entity resident in the Peninsula operates materially in Ceuta through a permanent establishment in that city. The turnover of the establishment in Ceuta is 2,580,000 euros. The entity has 6 full-time employees in Ceuta.

ANSWER

The entity can enjoy a reduction of up to 322,500 euros, given that the income earned per employee, i.e. 350,000 euros (50,000 x 6) is higher than the limit provided under Article 33.3 of the Corporation Tax Act.
Ceuta’s Tax Advantages

What happens if an entity operates in Ceuta through a permanent establishment or branch?

To establish the portion of the payable tax sum benefitting from the discount, the entity must keep accounts with enough detail to allocate all income and expenses, including direct and indirect amounts, to the branch operating in the Autonomous City.

As for the calculation of the discount amount, the Law provides that the portion of the payable tax sum earned in Ceuta benefits from the discount.

For instance, if an entity has earned profits for operations carried out in Ceuta, but losses for those carried on in the Peninsula, as long as the tax base of the entity is positive, the payable tax sum emerging could be discounted at a rate of 50%.

Example

A company’s separate accounts give rise to the following profit / loss in the tax year:

- For operations of the branch in Ceuta: €73,000;
- For operations in the Peninsula: €410,000.

ANSWER

The settlement of Corporation Tax would be the following:

Tax base: €483,000.
Tax amount payable (25%): €120,750.

SAVING = Reduction of earnings in Ceuta: €9,125 (50% x (25% x 73,000))

Total tax sum payable for the year: €111,625
Can an entity established in Ceuta consolidate for tax purposes?

Yes. Obviously, to apply the discount the income from Ceuta must be positive given that, if it is negative, there are no discounts whatsoever. However, if the income discounted is positive, any remaining income comprising the tax base of the group must be considered because the limit of the discount will be the income obtained in Ceuta.

How is the tax base calculated in this case?

- If the group’s remaining income is positive, the discount can be applied in full. And its amount is calculated by multiplying the tax rate of the representative company times 50% and times the income enjoying the discount.

- If the remaining income of the group is negative and the amount exceeds the discounted income, the discount cannot be effectively applied, given that the group’s tax base is negative and therefore there is no payable tax sum.

- If the group’s remaining income is negative in an amount lower than the discounted income, the discount can be applied, as the tax base of the group is positive and, therefore, there is a payable tax sum. However, the discount may not cover the entire income discounted, as part of it will have been offset against other negative income.

- If the group has negative tax bases still to be offset, and these negative tax bases are offset in the year in which the discounted income is earned, a portion shall need to be used to offset the discounted income. Therefore, the basis of the discount shall not cover all this income, unless offsetting of the negative tax bases is deferred and carried forward to later tax periods.
Ceuta’s Tax Advantages

Example

A group of entities paying tax under the tax consolidation system earns the income provided below:

- Company A, with registered office in Barcelona: €1,800,000
- Company B, situated in Vigo: €-2,100,000
- Company C, with registered office and tax address in Ceuta: €740,000

**ANSWER**

Tax base: €440,000
Payable tax sum (25%): €110,000

**SAVING** = Discount: €92,500 ((740,000 x 25% x 50%)

**Total sum payable: €17,500**
Labour costs: Social Security and Income Tax

What percentage of deduction is there on the Income Tax sum?

60% of the sum of the payable state and regional sums.

Who can benefit from these deductions?

Taxpayers resident in Ceuta and not resident in the Autonomous City.

What income does this deduction apply to?

On the one hand, residents in Ceuta can extend the scope of application of this deduction to income earned outside Ceuta (with the limit of the income obtained in Ceuta), if the term of residence is longer than 3 years and at least one-third of their net assets are situated in Ceuta. If they live there for less than three years, the deduction solely covers the income earned in Ceuta.

For non-residents in Ceuta, the deduction shall be exclusively applicable to income earned in the city.

The Autonomous City of Ceuta is not only appealing to firms. The tax advantages are spread out between employers and workers.

Therefore, for territory reasons, the income earned in Ceuta by Income Tax payers shall be subject to the general Tax rules although there is a special system of deductions.

Additionally, the tax rates for the general scale are below the average of Spanish autonomous communities, including Andalusia and Catalonia.
Example

A worker, who is single with no children, has earned work net income of 200,000 euros, and his main residence is in: a) Ceuta, b) Madrid, c) Gibraltar, or d) La Valletta

<table>
<thead>
<tr>
<th></th>
<th>Ceuta</th>
<th>Madrid</th>
<th>Gibraltar</th>
<th>La Valletta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>31,938,80</td>
<td>79,847,00</td>
<td>49,940,00</td>
<td>61,275,00</td>
</tr>
</tbody>
</table>

including income from economic activities, income and capital gains from properties, income from some moveable assets, carried out, located or accrued in the territory.

What other incentives are there for Income Tax payers?

There is a 60% reduction on rates of withholding, interim payments and part-payments applicable to income earned in Ceuta.

Are there any special provisions for directors or board members?

No, the reduction of 60% is fully applicable both to income and to withholdings borne. Therefore, the applicable rate is 14% instead of the general rate of 35%.
Labour costs: Social Security and Income Tax

When does it start to apply?

If a worker has relocated in Ceuta and the relocation leads to a change of main residence, the appropriate adjustment must be carried out, considering that the withholding from income from employment earned in Ceuta stands at 60% of the general rate, and the withholding for income earned in the rest of the national territory is charged at the general rate.

What activities must the employer carry on?

Any activities relating to the industries of Agriculture, Fishing and Aquaculture, Industry - (excluding Energy and Water), Commerce, Tourism, Catering and other services, (excluding Air Transport), Construction of Buildings, Financial and Insurance Activities and Real Estate Activities.

What about the cost of salaries?

As for Social Security, workers employed at work centres located in Ceuta are entitled to a reduction of 50% of their contributions to Social Security on common contingency sums, and also on jointly collected amounts for unemployment, professional training and the Salary Guarantee Fund.

And what about Freelancers?

Workers under the Special System of Self-Employed or Freelance Workers employed in the activities of the industries set forth above, residing in Ceuta and practising their activity there, are entitled to a discount of 50% on their Social Security contributions for common contingencies.

Additionally, this discount is compatible with the ones established generally within employment fostering programmes.
Other tax enhancements

As well as the improvements stated in the sections above which have a direct impact on setting up a company, subsidiary, branch or permanent establishment of an entity in Ceuta, this Autonomous City has other very powerful and attractive tax incentives for certain sectors and functions:

| **Onerous Property Transfers (TPO). Documented legal procedures (AJD). Corporate operations (OS) (Articles 45.14 and 57 bis)** | ▶ Discount of 50% of the scaled charge of notary documents when the Registry where the registration or entry is to take place is situated in Ceuta.  
▶ Discount of 50% of the amount of corporate operations where - as the case may be - the tax address, registered office or business operations are in Ceuta.  
▶ Discount of 50% of the sum of onerous property transfers - scenarios assessed under Art. 57 bis, section 3. |
<table>
<thead>
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</thead>
<tbody>
<tr>
<td><strong>Special Taxes (Art. 3 LIIEE)</strong></td>
<td>▶ The only Special Taxes levied are the one on Certain Transportation Methods and the Special Tax on Electricity.</td>
</tr>
</tbody>
</table>
| **Construction and Works Tax (ICIO) (Art. 159.2 LHL)** | ▶ Discount of 50%  
▶ Discounts set out under Additional Provision One of the Tax Ordinance Regulating ICIO of the Autonomous City of Ceuta. |
| **Business Tax (IAE) (art. 159.2 LHL)** | ▶ Discount of 50%  
▶ Discount provided under Article 12 of the Tax Ordinance Regulating IAE of the Autonomous City. |
<table>
<thead>
<tr>
<th>Tax Category</th>
<th>Discount Details</th>
</tr>
</thead>
</table>
| Property Tax (IBI) (Art. 159.2 LHL)  | - Discount of 50%  
- Discounts of Article 9 of the Tax Ordinance Regulating IBI of the Autonomous City of Ceuta.                                                |
| Tax on Mechanical Vehicles (IVTM)    | - Discount of 50%  
- Discount of 75% under Additional Provision One of the Tax Ordinance Regulating IVTM                                                        |
| Inheritance Tax (ISD) (Art. 23 bis LISD) | - Discount of 50% on the payable amount of acquisition due to death, and the amounts collected by beneficiaries of life insurance, when the deceased had his/her main residence on the accrual date in Ceuta and for the 5 years ending on the date of accrual.  
This discount can be increased up to 99% when, in these cases, the deceased are in the Kinship Groups I and II - descendants or adopted children, spouses, parents and adoptive parents of the deceased.  
- Discount of 50% of the amount of the tax corresponding to immoveable assets located in Ceuta, for transfers among living persons.  
- Discount of 50% of the amount of the tax for the remaining transfers among living persons, when the acquirer’s main residence is in Ceuta |
| Tax on the Increase of Value of Urban Land (Art. 159.2 LHL) | - Discount of 50%  
- Discount of 95% under Additional Provision One of the Tax Ordinance Regulating IIVTNU of the Autonomous City of Ceuta |
| Assets Tax (Art. 33 Law 19/1991)    | - Discount of 75% on the tax sum payable  
As of 1 January 2019, discount of 100% of the tax sum due.                                                                                     |
Services and activities that can be relocated in Ceuta: creation of subsidiaries

The most recent developments in international tax rules of the OECD and the EU (BEPS Actions) permit certain types of services to relocate with tax guarantees. This is the case, for instance, of call centre services, administrative or back-office support services, procurement management and negotiation services (excluding purchasing functions as such and logistic warehouse functions), and software development services. All of these services can easily be relocated to Ceuta.

Generally speaking, services provided within a Group but which are key parts of the value chain, like accessory services or support services for other Group entities carried out by staff which need not be highly qualified, taking advantage of electronic media, can be carried out from the Autonomous City of Ceuta, benefitting from its privileged taxation.

Before relocating any services, it is key to identify the resources and assets needed to effectively provide these services, and establish if they are going to be found easily in the territory where the services are being reassigned.

1 The BEPS action plan is based on these three pillars in respect of the location of activities and services:
   • Economic reality: that the transfer price policies allocate operating profits to the economic activities generating them. Therefore, the distribution of profits of a group among its entities is carried out as a function of economic reality.
   • Value creation: Focus of attention on which entities generate value. Consistency between value creation and allocation of profit.
   • Substance: Focus of attention on which entities make decisions, control, undertake the main risks and have the main assets. For an entity to obtain the profit of an activity or function, it must have all the means, assets and human resources needed to carry it out and effectively and really take on the functions and risks arising out of such function.

2 An example of services that are difficult to relocate are those associated to intangibles like, for instance, the management of brands or the sales of products or provision of services with associated intangibles. Although intangibles themselves enjoy mobility (i.e. the property of the beneficiary ownership can be transferred in a relatively simple way), the completion of functions of development, improvement, maintenance, protection and operation of the intangible (“DEMPE functions”) as well as risks undertaken have a lower degree of mobility.

To the extent that DEMPE functions and the own risks are disassociated from the pure beneficiary ownership of the intangible, the entity entitled to earn the full yield shall be the entity holding economic ownership and not the one holding legal ownership. Therefore, action 8 of the BEPS Project provides that legal ownership in itself grants no entitlement to the yields obtained by the group due to the operation of the intangible.
Communications

Despite its location in the African Continent, the Autonomous Community is easily accessible from the Iberian Peninsula and also from Morocco.

From the Iberian Peninsula, there are two transport alternatives: the port of Algeciras, where ferries to the port of Ceuta depart daily at a relatively high frequency, and the passenger helicopter service which takes around 10 minutes and links the Peninsula to the City.

From Malaga, helicopters are also scheduled regularly from Malaga international airport. The journey lasts just 25 and there are frequent services.

To get to Ceuta from Morocco, you can choose direct flights from Tangiers from different Spanish cities, including Madrid and Barcelona, with later access via the N-13 and P-4703 roads, entering the city from the the border of Tarajal.

Climate

Ceuta has a Mediterranean climate, with mild temperatures and two clear-cut seasons: a cool, humid and partially-cloudy season from October to April and another drier, hotter and mostly clear season running from April to September.

Two factors determine the climate in Ceuta: the landform and the sea. The sea’s influence means that temperatures are mild all year round, ranging from 11º C to 27º C. Only very rarely, temperatures can be lower than 3º C or higher than 30º C. The annual average is 18.8º C. The highest temperatures are reached in July and August, due to masses of subtropical hot air. Meanwhile, the lowest temperatures (albeit always above 0º C) are usually felt in January.

Rainfall is quite scarce. There are greater chances of showers in the winter months. Having said this, the average stands at around 62 days of rain and 2,621 hours of sunlight per year.

Meanwhile, the variations in the average speed of wind in Ceuta are very slight in the year. The windiest months (from October to May) do not
see wind speeds greater than 18.3 kilometres per hour. A further highlight is the length of days, as the shortest day of the year in Ceuta has almost 10 hours of natural light while the longest day has around 15 days of natural light.

In short, the best time to visit Ceuta is from May to September, which have mild temperatures and a warm climate and next to no chances of rain.

San Diego (United States) and Rio Grande (Brazil) are the international locations whose temperatures are most similar to Ceuta’s.

Geographical surroundings

Ceuta is an Autonomous City in Spain, situated on the African coast of the Strait of Gibraltar. Specifically, in the north-western area of the Tingitana peninsula. This city is surrounded to the east and the south by the Mediterranean sea. Meanwhile, to the west and south-west, it borders with Morocco. All of this makes Ceuta enjoy a strategic location situated between two continents, Europe and Africa, and two seas, the Atlantic Ocean and the Mediterranean Sea.

The geographical environs of Ceuta are noted for the diversity of cultures, with cohabitation of Christians and Muslims and, to a lesser extent, Hinduists and Jews. The town centre is near the port and the hillside of Mount Hacho.

The geographical surroundings of Ceuta include the Bullones Range (Sierra Bullones - a natural frontier with Morocco), Mount Hacho, Almina, the Isthmus and the Outer Field. In the area of Hacho, to the east of the city, a highlight is the mount that this area is named after, with an altitude of 204 metres. Meanwhile, in the central area we find the Isthmus linking the peninsula of Almina and the African Continent. Finally, the Outer Field (Campo Exterior) is the location of the highest peaks, including Mount Anyera, with an altitude of 310 metres, Mount Tortuga and Mount Renegado.

Despite a surface of around 20 square kilometres, Ceuta has a rich and varied flora and two bays: the South Bay facing the Iberian Peninsula and the North Bay, facing Morocco.
Other city attractions

Cost of living

Ceuta is currently among the cheapest cities in Spain. Among other indicators, Ceutan housing rentals are relatively cheaper than those of other cities in Spain.

<table>
<thead>
<tr>
<th></th>
<th>Average rent €/m².month</th>
<th>Average surface m²</th>
<th>Average rental amount €/month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madrid</td>
<td>8</td>
<td>99.6</td>
<td>689</td>
</tr>
<tr>
<td>Community of Valencia</td>
<td>6.0</td>
<td>101.5</td>
<td>551</td>
</tr>
<tr>
<td>Ceuta</td>
<td>7.7</td>
<td>92.9</td>
<td>511</td>
</tr>
</tbody>
</table>


Additionally, the cost of living in this city is 5.07% cheaper than the national average when one compares the spending of consumers from Ceuta to pay for products and services (buying and renting housing, local taxes, public and private transport, purchasing basic products and leisure). This is bolstered by the Consumer Price Index (“CPI”) given that, as you can see in the graph below, the prices of goods and services consumed by Ceutan homes allow an estimation of a reduced cost of living.
According to the National Institute for Statistics (INE), the average annual salary in Ceuta is 2,475.84 euros, which is significantly above the annual average (“Graph 2”). This fact, added to the cost of housing rentals and the cost of living allow us to conclude that the standard of living in Ceuta is better than that of other Spanish Cities and Autonomous Communities.

**Graph 1.**


**Graph 2.**

Other city attractions

Port charges and customs benefits

The City of Ceuta has launched a process to incentivise small and medium industries with a commitment to exports, under the Rules of Origin system. In Ceuta, raw materials can be imported to any place in the world without paying customs and finished products can be imported to the rest of the European Union, paying no tariffs and with no quotas or quota tariffs, if certain conditions are met.

Within the customs laws applicable to the Autonomous City of Ceuta we can highlight the payment of customs fees for the transport of goods which, due to their nature, are original from Ceuta or which have been transformed in such territory, becoming of Ceutan origin.

In this connection, the new customs laws applicable to the City of Ceuta set out under Regulation 82/2001 of the Council of Europe extends the number of products that can acquire Ceutan origin as it requires a sufficient level of transformation in this territory, instead of the requirement for the remaining customs territory, which is substantial transformation, and is a much more thorough process.

Regional incentives

This is financial aid granted by the General State Administration to productive investment to foster business activities. It consists of subsidies to alleviate imbalances among territories.

Regional incentives can be up to 15% on the investment approved for large companies, 25% for medium-sized enterprises, and 35% for small companies.
ESF financing facilities

The European Social Fund (ESF) is the main tool of the European Union to boost the creation and promotion of employment, as it contributes directly to the quantitative and qualitative improvement of job positions.

The action lines to which ESF resources are devoted are intended, broadly, to increase quality, stability and levels of employment. To achieve this, the targets set are: (i) creating employment opportunities for all jobseekers; (ii) actively combatting social and labour exclusion; (iii) fostering access to the labour and business market for unemployed women; and, (iv) fostering stable and quality employment.
Government of Ceuta and EY Abogados have reached an agreement by which the e-gaming companies that are interested in opening a subsidiary in Ceuta may contact EY Abogados for a preliminary free advice. For additional information, please contact the following EY professionals

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