

PROVINCIAL LAW 13/2013, of 5 December, on Personal Income Tax (BOB, Official Gazette of Bizkaia, 13 December)

I hereby inform you that the General Assemblies of Bizkaia have approved in Plenary Session on 5 December 2013, and I hereby promulgate and order the publication of Provincial Law 13/2013, of 5 December, on Personal Income Tax, to the effects that all citizens, individuals and authorities, to whom it is applicable, shall keep it and ensure that it is kept.

PROVINCIAL LAW 13/2013, OF 5 DECEMBER, ON PERSONAL INCOME TAX.

INTRODUCTION

Personal Income Tax is one of the central pillars of the tax system of the Historical Territory of Bizkaia. During the seven years that its current regulation, contained in Provincial Regulation 6/2006 of 29 December, has been in force, the necessary adaptation to the economic and social circumstances of each moment has required various amendments to it, the latest of which, in response to the economic-financial crisis, has been approved on a transitional basis for the financial years 2012 and 2013.

The persistence of the crisis, with no sign on the near horizon of a circumstance in which the recovery of economic activity and employment is once again the driving force behind the growth of our economy, requires the Institutions of the Historical Territory of Bizkaia to take an active role in the adoption of measures that reinforce an appropriate distribution of tax burdens, calling for greater efforts on the part of those with greater economic capacity and contributing to achieving an optimum balance between income and expenditure that guarantees the sustainability and sufficiency of public finances.

It is in relation to the taxation of individuals that a strengthening of the principles of fairness, progressiveness, neutrality, transparency and simplification, as well as the establishment of a better balance between all of them, is particularly essential.

From the point of view of neutrality, the treatment of certain tax benefits such as exempt income, reductions and deductions is reviewed and adjusted to reinforce the necessary interrelation between expenditure and income policies, following an assessment of their effectiveness, eliminating duplications and modifying those that are not currently in line with the objective pursued by their implementation.

With regard to the principle of equity, the current rate is extended, incorporating new brackets at higher rates in both the general tax base and the savings tax base.

With regard to the principle of economic capacity, it is the taxation of income from business activities, with the declaration of income that is lower than that actually obtained and of expenditure that are not deductible, which requires new regulatory instruments to make it difficult to conceal such income and to establish anti-fraud measures.

To achieve these objectives, this new Provincial Regulation has been approved, which is structured into fourteen titles, twenty-four supplementary provisions, twenty-two transitional provisions, one repealing provision and two final provisions.

Title I is devoted to the nature and scope of the tax. In Title II we find the establishment of a numerus clausus of those incomes derived from sources of different nature which, despite constituting a true index of economic capacity and forming part of the taxable event of the tax, have been exempted from paying this tax up to now for various reasons of tax policy.

Thus, the new regulations maintain the traditional catalogue of exempt income in its entirety, which are those which, due to their social reflection in some cases, among others, relevant awards, public scholarships, public aid, or their compensatory nature in others, such as unemployment benefits in the form of a single payment, compensations paid by the Public Administrations, are exempted from the tax obligation. Together with these, the provincial legislator reinforces the list of those incomes exempt up to a certain quantitative limit from which the excess amount is subject to tax, including some, for reasons of social justice and distribution of the tax burden, of those that have been treated as pure exempt income, such as severance payments for dismissal or termination of the worker whose exempted amount may not exceed the amount of 180,000 Euros.

In the field of exempt income, the main novelty introduced is closely linked to the permanent objective of the fight against fraud, the success of which hinges, among other instruments, on the amount of information on the economic capacity of each taxpayer available to the Tax Authority; information that must include all income received for any concept and from any Public Administration or entity, as well as the personal and financial circumstances that affect them and that modulate their tax obligation, regardless of the tax treatment to which they are subject.

For this purpose, this Provincial Regulation establishes in its final part new reporting obligations to the public administrations of any subsidy or income, whether exempt or not, through a specific tax form of an informative nature. In this way, the Tax Authority will be in possession of information on all the income received by the taxpayer, which will contribute to the common effort, together with the rest of the Public Administrations, to fight against fraudulent receipt of certain subsidies and grants.

Title III is dedicated to taxpayers and Title IV, the most extensive, to the taxable base, within which are specified the provisions referring to general rules, income from work, business activities, income from capital, equity gains and losses, imputation and attribution of income, temporary imputation, special valuation rules, types of income and integration and compensation thereof.

As regards irregular income, there is a general revision of the system of integration of the same, maintaining the current reduced integration percentages but establishing a quantitative limit of 300,000 Euros.

In the field of income from business activities and as a culmination of the process initiated more than 10 years ago by the regulations of the Historical Territory of Bizkaia of gradual restriction of the scope of application of the objective assessment method, with the aim of bringing the taxation of natural persons entrepreneurs closer to the real income of their activity, this method is repealed, being, therefore, the determination of the income from all business activities, as from 1 January 2014, subject to the direct assessment method, in its normal and simplified modalities.

In addition, in this same area, the declaration of income in the amount actually obtained and the non-inclusion of expenditure that are not deductible, in accordance with the principle of economic capacity, must be guaranteed. This requires providing the provincial tax authority with new regulatory instruments that make it difficult to conceal income and to establish anti-fraud measures.

Therefore, this Provincial Regulation introduces a new instrument to comply with the formal obligations of the group of taxpayers who carry out business activities, which consists of the keeping of a new registry book of financial transactions, common to Personal Income Tax and Value Added Tax. The keeping of this record book, which replaces the existing record books, will make it possible to know more accurately the income and expenditure and will therefore serve as a fundamental support for the quantification of the tax liability.

It is also noteworthy, the amendment of the requirements for the leasing or purchase and sale of real estate to be considered as an economic activity, being necessary to have, as up to now, at least one person employed with an employment contract, full time and with exclusive dedication,

but introducing the non-computation, for these purposes, of the spouse, domestic partner, ascendants, descendants or second degree collaterals of the taxpayer, nor of the persons who have the consideration of persons related to the same. As a complement and to adapt the performance of these activities to the current professional reality, the additional requirement that the activity be carried out in premises used exclusively for the management of the same is eliminated.

With regard to capital income, the treatment of subleasing of housing is equated to the leasing of housing, considered as such in under the provisions of Article 2 of Law 29/1994, of 24 November 1994, limiting the deductible expense to 20% of the income from subleasing and thus avoiding the generation, sometimes fictitious, of negative or zero income.

The above is supplemented by the establishment of a presumption of onerousness for those cases in which the tax authority has evidence that the real estate owned by the taxpayer has been leased and no income has been computed, quantified at 5% of the valuation of such real estate, temporarily at 10% for the years 2014 and 2015, in accordance with the provisions of the Provincial Wealth Tax Regulation.

Certain changes are also introduced in the regulation regarding reductions in the tax base. In the field of social welfare, in general, the limit for individual contributions is set at 5,000 Euros and the possibility of reduced integration every 5 years is eliminated in the case of payments derived from the occurrence of contingencies and, if applicable, of redemptions of economic rights of the different welfare systems.

As an instrument for closing the system, a tax logic prevention is introduced in the sense of limiting the treatment of the reductions of the general taxable base, in the cases in which in the same tax period contributions to social welfare entities concur with the receipt of benefits in the form of capital, for the contingency of retirement or for redemptions, with the exception of the contributions to the so-called Employment Plans and to the social welfare instruments for disabled persons.

A substantial amendment is introduced in Title VI, dedicated to the full contribution. Thus, under the previous regulation, there was a general deduction that compensated for the elimination of the exempted section in the rate applicable to the general taxable income. With the new regulation, this compensation of the general taxable base has been replaced by a reduction of the tax liability by the same amount, since this measure must be aimed at those taxpayers who apply the rate corresponding to the general taxable base and not at those who apply the rate corresponding to the savings taxable base. Therefore, it only decreases the general total tax liability without allowing that as a consequence of its application it becomes negative.

For reasons of equity, the current rate is extended, incorporating new brackets at higher rates both in the general taxable base as from 92,310 Euros, becoming the highest marginal rate of 49% as from 179,460 Euros, and the savings taxable base is redesigned, establishing a taxation of 25% as from 30,000 Euros.

Title VII is reserved for dealing with the net tax liability and the different deductions: family and personal deductions, for contributions to the protected assets of the disabled person, for the habitual residence, deductions for the promotion of business activities, for donations and others. As regards personal deductions, the deduction for age is limited and is applied exclusively to taxpayers with incomes below 30,000 Euros. With respect to the deduction for disability or dependency of persons, the requirement of cohabitation is logically required and in the event that the persons giving right to deduction live in residential centres, the deduction may be taken by those relatives of the closest degree who can prove, with documentation, that they have paid amounts to cover the expenditure of their relative's stay in such centres.

In the case of deductions referring to housing, the intensity of the annual tax incentive is reduced in the case of purchase. Thus, in general, the deduction for renting a primary residence will continue to be 20% of the amounts paid in the tax period, with a quantitative limit of 1,600 Euros per year. In the case of purchase, the deduction of 18% of the amounts invested in said

home in the fiscal year and the interest for the tax period will have a new annual limit of 1,530 Euros. As for groups of young people and large families, they maintain the accelerated treatment in the application of these incentives, being also reduced their annual intensity in the case of purchase.

To conclude the section on deductions, the incentives corresponding to the deduction for workers' participation in the company, the deduction for donations and the deduction for dues paid to workers' unions and for dues and contributions to political parties are limited and, to increase the efficiency of the tax benefits contemplated by the previous legislation, the deduction for deposits in credit institutions for investment in the start-up of new business activities is eliminated.

In line with the current economic situation, two new tax incentives are introduced. On the one hand, with the aim of promoting the entrepreneurial culture and encouraging self-employment, a reduction in the net income derived from business activities is established for the first two years with a profit in the exercise of the same, with a time limit of five years from the start of the entrepreneurial activity. On the other hand, with the aim of promoting the development of business projects that generate employment and added value and to encourage start-ups to raise equity from individual taxpayers, a deduction of 20% is established for business angels.

In relation to the system applicable to equity gains derived from securities admitted to trading, an supplementary provision incorporates a novel treatment that allows taxpayers who transfer these securities to opt to apply the general system governing the calculation of equity gains derived from the transfer of the aforesaid securities or to apply a special tax of 3% on the transfer value, provided that this value is less than 10,000 Euros in each financial year for the set of securities transferred. This option makes it possible for taxpayers, who carry out small transactions on the stock exchange, to settle the tax in a simplified manner and for the Tax Authority to have a new instrument that allows it to speed up tax management.

Title X is dedicated to joint taxation, and includes a notable new feature limiting the possibilities of opting for this modality. As a consequence of certain detected behaviours that violate the spirit of this option, a precaution is introduced to make it impossible to apply this type of taxation in those cases of continued cohabitation, once the legal separation has taken place or the non-existence of the relationship has been declared by the parents' judicial decision.

Finally, and with regard to the transitional arrangements, it is worth highlighting the establishment of certain measures that seek to preserve situations that arose under the regulations contemplated by Provincial Regulation 6/2006, which is to be repealed. In this regard, transitional measures are adopted with regard to various tax treatments that have been modified, notably those relating to excess contributions to social welfare systems not reduced in tax periods prior to 2014 and the new integration percentages set for irregular income. It is also noteworthy to mention the transitional system of the deduction for deposits in credit institutions for investment in the start-up of an economic activity in order to protect taxpayers who have contributed amounts in this respect prior to the entry into force of this Provincial Regulation.

In compliance with the provisions of Article 55(1)(3) of Provincial Regulation 3/1987, of 13 February, on the election, organisation, system and operation of the provincial institutions of the Historical Territory of Bizkaia, this Provincial Regulation is accompanied by the economic report and the gender impact assessment report.

TITLE I

NATURE AND SCOPE OF THE TAX

Article 1. Nature.

Personal Income Tax is a direct tax of a personal and subjective nature that is levied on the income of individuals under the terms provided in this Provincial Regulation.

Article 2. Subjective scope of application.

The provisions of this Provincial Regulation shall be applicable to the following taxpayers liable for personal income tax:

1. As a taxpayer:

- a) Natural persons who, in accordance with the provisions of the following Article, have their habitual residence in Bizkaia.

When the taxpayers forming part of a family unit have their habitual residence in different territories and opt for joint taxation, under the provisions of Article 97 of this Provincial Regulation, they shall pay tax to the Provincial Council of Bizkaia when the member of the family unit with the highest taxable income has their habitual residence in this territory.

For the purposes of calculating the higher taxable income, taxpayers who are not resident in Bizkaia shall be subject to the regulations applicable to them.

- b) Individuals whose habitual residence is abroad under the provisions of Article 4(1) (2) of this Provincial Regulation, under the terms provided therein.

2. As a person obliged to make payments on account, to those obliged to make withholdings and payments on account for Personal Income Tax, when the referred payments on account, in accordance with the provisions of Articles 7 to 11 of the Economic Agreement, must be paid to the Provincial Council of Bizkaia.

Notwithstanding the provisions of the preceding paragraph, in the case of withholdings and payments on account on remuneration received as administrators and members of Boards of Directors, Boards of Directors' Meetings and other representative bodies and in the case of income obtained from the participation in the equity of any entity, as well as interest and other considerations from bonds and similar securities, the provisions of this Provincial Regulation shall apply when the paying entity is subject to the corporate income tax regulations of Bizkaia.

Article 3. Habitual residence.

1. An individual shall be deemed to have habitual residence in the Historical Territory of Bizkaia by successively applying the following rules:

1. When staying in the Basque Country for a greater number of days of the tax period, the number of days spent in Bizkaia is greater than the number of days spent in each of the other two Historical Territories of the Basque Country.

To determine the period of stay, temporary absences shall be taken into account, unless tax residence in another country is proven. When the tax residence is established in any of the countries or territories considered to be tax havens, the tax authorities may require proof of residence there for 183 days in the calendar year. Unless there is proof to the contrary, a natural person shall be considered to be staying in Bizkaia when they have their habitual residence in this territory.

2. When they have their main centre of interests in Bizkaia. Such a circumstance shall be deemed to arise when an individual in the Basque Country obtains the greater part of the taxable base of this Tax when they obtain in Bizkaia more of the taxable base than that obtained in each of the other two Historical Territories, excluding, for both purposes, income and equity gains derived from movable capital and imputed taxable bases.

3. When Bizkaia is the territory of their last declared residence for the purposes of this Tax.

The second rule shall apply when, in accordance with the provisions of the first rule, it has not been possible to determine the habitual residence in any territory, whether common or Provincial. The third rule shall apply when the same circumstance arises, following the application of the provisions of the first and second rules.

2. Individuals resident in Spanish territory, who do not remain in that territory for more than 183 days during the calendar year, shall be considered to be resident in the Basque Country when the main nucleus or base of their business or professional activities or economic interests is located there.

When, in accordance with the provisions of the previous paragraph, natural persons have their habitual residence in the Basque Country, they shall be considered to be resident in Bizkaia when the main nucleus or base of their business or professional activities or economic interests is located in this territory.

3. When it is presumed that a natural person is resident in Spanish territory, because their spouse who is not legally separated and their dependent minor children have their habitual residence in Bizkaia, they shall be deemed to have their habitual residence in that territory. This presumption is rebuttable by proof.
4. When changes occur in the habitual residence, the following criteria shall be taken into account:
 - a) Taxpayers resident in Bizkaia who change to having their habitual residence in another territory, Provincial or common, or who, having their habitual residence in another territory, Provincial or common, change to having their habitual residence in Bizkaia, shall fulfil their tax obligations in accordance with the new residence, when this acts as a connecting point, from that moment onwards.

Furthermore, when, in virtue of the provisions of point (b) below, it must be considered that there has been no change of residence, taxpayers shall file the corresponding returns with the tax authorities of their habitual residence, including interest on late payment.

- b) Changes of residence whose main purpose is to achieve a lower effective taxation shall have no effect.

It shall be assumed, unless the new residence has been continuous for at least three years, that there has been no change when the following circumstances are met:

1. In the year in which the change of residence takes place or in the following year, the taxable base for this tax is at least 50% higher than in the year prior to the change.

In the case of individuals forming part of a family unit who have made different individual or joint taxation choices in the years referred to in the previous paragraph and for the sole purpose of making the comparison of bases mentioned therein, the forms of taxation shall be standardised by applying, where appropriate, the corresponding individualisation rules.

2. In the year in which this circumstance arises, the effective taxation for this tax is lower than that which would have been applicable in accordance with the applicable regulations of the territory of residence prior to the change.
3. That in the year following that in which the circumstance referred to in circumstance 1 above arises, or in the following year, the habitual residence is again in the said territory.

5. When specific rules derived from international treaties to which Spain is a party are not applicable, foreign nationals who have their habitual residence in Bizkaia shall not be considered as taxpayers, by virtue of reciprocity, when this circumstance is a consequence of any of the cases referred to in the following Article of this Provincial Regulation.

Article 4. Special cases regarding the obligation to contribute.

1. This Provincial Regulation shall be applicable to persons of Spanish nationality, their spouse not legally separated or under-age children who, having been subject to the tax regulations of Bizkaia for this Tax, move to have their habitual residence abroad, due to their status as:
 - a) Members of Spanish diplomatic missions, including both the Head of Mission and the members of the diplomatic, administrative, technical or service staff thereof.
 - b) Members of Spanish Consular Offices, including both the Head of the same and the civil servants or service staff assigned to them, with the exception of Honorary Vice-Consuls or Honorary Consular Agents and their dependent staff.
 - c) Holders of an official post or employment of the Spanish State as members of the Delegations and Permanent Representations accredited before International Organisations or who form part of Delegations or Observer Missions abroad.
 - d) Active civil servants who hold an official post or employment abroad that is not of a diplomatic or consular nature.
 - e) Civil servants or staff in the service of the Basque Public Administration working in the Basque Country's delegations abroad.
2. The provisions of the previous section shall not apply:
 - a) When the persons referred to are not active civil servants or holders of official position or employment and had their habitual residence abroad prior to the purchase of any of the conditions listed therein.
 - b) In the case of spouses who are not legally separated or minor children, when they had their habitual residence abroad prior to the purchase by the spouse, father or mother of the conditions listed in section 1 above.
3. ...

Article 5. Treaties and conventions.

The provisions of this Provincial Regulation shall be understood to be without prejudice to the provisions of international treaties and conventions which form part of Spanish domestic law.

TITLE II TAXABLE EVENT

Article 6. Taxable event.

1. The taxable event is the obtainment of income by the taxpayer, irrespective of the place where the income was obtained and irrespective of the residence of the payer.

Imputations of income established by Provincial Regulation shall also be considered as the obtainment of income.
2. Taxpayer's income consists of:

- a) Income from work.
 - b) Income from business activities.
 - c) Equity gains.
 - d) Equity gains and losses.
 - e) Income allocations that are established by Provincial Regulation.
3. For the purposes of determining the taxable base and calculating the tax, income shall be classified as general and savings income.

Article 7. Estimation of income.

The provision of work and services, as well as the transfer of goods or rights, under the terms established by this Provincial Regulation, shall be presumed to be remunerated.

Article 8. Income not subject to tax.

Income which is subject to Inheritance and Gift Tax shall not be subject to this Tax.

Article 9. Exempt income.

The following income shall be exempt:

1. Those received from the parents as maintenance annuities in virtue of a court decision.

The same treatment shall apply to amounts received from the Maintenance Payment Guarantee Fund regulated in Royal Decree 1618/2007, of 7 December, on the organisation and operation of the Maintenance Payment Guarantee Fund.

2. Public benefits received as a consequence of acts of terrorism.
3. Benefits that the Social Security, or the entities that replace it, recognise the taxpayer as a consequence of absolute permanent incapacity or severe disability, as well as benefits for total permanent incapacity received by taxpayers over 55 years of age.

In the event of total permanent incapacity, the exemption shall not apply to those taxpayers who receive income from work, other than those provided for in the point of Article 18 of this Provincial Regulation, or from business activities. This incompatibility shall not apply in the tax period in which the benefit is received for the first time.

Likewise, provided that they are benefits for situations identical to those mentioned in the previous paragraphs, they shall be exempt: previous paragraphs, they shall be exempt:

- Benefits granted to professionals not included in the special Social Security system for self-employed or freelancer workers by mutual benefit societies acting as an alternative to the aforesaid special Social Security system.
- Benefits granted to co-operative partners by voluntary social security institutions.

In the two cases provided for in the previous paragraph, the exempted amount shall be limited to the amount of the maximum benefit recognised by the Social Security for the corresponding item. The excess will be taxed as income from work, and in the event of concurrence of benefits from the Social Security and the aforesaid mutual societies or voluntary social welfare entities, it will be understood to be produced in the benefits of the latter.

4. Pensions for disability or permanent incapacity under the passive class system, provided that the injury or illness which was the cause of the pension completely disqualifies the pensioner from any profession or trade.
5. Compensation for dismissal or termination of the worker, in the amount compulsorily established in the Workers' Statute, in its implementing regulations or, where applicable, in the regulations governing the enforcement of judgements, without the amount established in virtue of an agreement, pact or contract being considered as such. Likewise, the compensation that, in application of Article 30(2) of Law 11/2019, of 20 December, on Cooperatives in the Basque Country, the worker or worker-partner receives on leaving the cooperative shall be exempt, in the same amount as that established as compulsory under employment legislation for the termination provided for in Article 52(c) of the Workers' Statute.

Without prejudice to the provisions of the previous paragraph, in cases of collective redundancies carried out under the provisions of Article 51 of the Workers' Statute, or termination of contracts for the reasons provided in Article 52(c) of the aforesaid Statute, provided that, in both cases, they are due to economic, technical, organisational, production or force majeure reasons, the part of the compensation received that does not exceed the limits established as compulsory in the aforesaid Statute for unfair dismissal will be exempt. Within the same limits, the amounts received by workers who, under a replacement contract, terminate their employment relationship and anticipate their retirement from work shall be exempt.

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The amount of the exempt compensation established in this number may not exceed the sum of 187,272 Euros.

6. Compensation as a consequence of civil liability for physical, mental or moral damage to persons, in the amount legally or judicially recognised.
7. Payments derived from insurance contracts for the same type of damage as those specified in the previous number, for any reason, up to 150,000 euros. This amount shall be increased to 200,000 Euros if the injury disables the recipient from carrying out any occupation or activity and to 300,000 Euros if, additionally, the recipient needs the assistance of another person for the most essential acts of daily life.

This exemption shall not apply to payments derived from insurance contracts whose premiums or amounts paid give rise to a reduction in the general tax base, in accordance with the provisions of Article 70 of this Provincial Regulation, or are considered a deductible expense pursuant to the provisions of Article 27.1 of this Provincial Regulation.

8. Relevant awards related to the defence and promotion of human, literary, artistic or scientific rights, under the conditions determined by regulations.
9. Public grants and grants awarded by non-profit organisations to which the regulations governing the tax system for non-profit organisations and tax incentives for patronage are applicable, and grants awarded by banking foundations regulated in Title II of Law 26/2013, of 27 December, on savings banks and banking foundations in the development of their social work activity, received for studies, both in Spain and abroad, at all levels and grades of the education system, up to the third university cycle.

Likewise, public grants and those granted by the non-profit organisations and banking foundations mentioned in the previous paragraph for research in the field described in Royal Decree 103/2019, of 1 March, which approves the Statute of pre-doctoral research staff in training, as well as those granted by them for research purposes to civil servants and other staff in the service of the Public Administrations and to teaching and research staff at Universities, will also be exempt.

10. Amounts received from public institutions for the fostering of persons.
11. Pensions recognised in favour of those persons who suffered injuries or mutilations on the occasion of or as a consequence of the civil war 1936/1939, either under the State Pensioners' Pension system or under the special legislation enacted for this purpose.
12. The following benefits shall be exempt:
 - a) The family benefits regulated in chapters X and XV of Title II and in chapter I of Title VI of the Consolidated Text of the General Social Security Law approved by Royal Legislative Decree 8/2015, of 30 October, and the pensions and passive assets for orphans and in favour of grandsons and granddaughters or brothers and sisters, under the age of twenty-two or incapacitated for any work, received from the public Social Security and Pension Systems.
 - b) Benefits for the birth and care of a minor and for joint responsibility in the care of an infant, regulated, respectively, in Chapters VI and VII of Title II of the Consolidated Text of the General Social Security Law approved by Royal Legislative Decree 8/2015, of 30 October, received from the public Social Security systems and identical benefits received from the corresponding public systems by civil servants.

Likewise, the remuneration received by civil servants from the body or entity where they provide their services, corresponding to lactation leave recognised in Article 48(f) of the Revised Text of the Basic Statute of the Public Employee approved by Royal Legislative Decree 5/2015, of 30 October, will be exempt. The exempted amount shall be limited to the amount of the maximum benefit recognised by the Social Security for the concept of financial benefit for co-responsible exercise of infant care provided for in Chapter VII of Title II of the Consolidated Text of the General Social Security Act approved by Royal Legislative Decree 8/2015, of 30 October.

- c) The benefits granted to professional persons, not included in the special Social Security system for self-employed or the freelancer workers, by the mutual benefit societies that act as alternatives to the aforesaid special Social Security system, provided that they are benefits in situations identical to those provided for in points (a) and (b) above.

In these cases, the exempted amount will be limited to the maximum amount of the benefit recognised by the Social Security for the corresponding item. The excess will be taxed as income from work, being understood to be produced, in the case of concurrence of benefits from the Social Security and the aforesaid mutual societies, in the benefits of the latter.

- d) Benefits granted to cooperative partners by voluntary social welfare institutions, provided that they are benefits in situations identical to those provided in points (a) and (b) above.

The exempted amount shall be limited to the maximum amount of benefit recognised by the Social Security for the corresponding concept. The excess will be taxed as income from work, being understood to be produced, in the case of concurrence of benefits from the Social Security and the aforesaid voluntary social security institutions, in the benefits of the latter.

- e) The remuneration received by civil servants of the body or entity where they provide their services, corresponding to the reduction of the working day for leave to care for a minor son or daughter affected by cancer or another serious illness as referred to in Article 49(1) of the consolidated text of the Law of the Basic Statute of the Public Employee, approved by Royal Legislative Decree 5/2015, of 30 October.

The exempted amount will be limited to the amount of the maximum benefit recognised by the Social Security for the concept of financial benefit for the care of minors affected

by cancer or another serious illness provided for in Chapter X of Title II of the aforesaid consolidated text of the General Social Security Law.

- f) Public maternity and paternity benefits received from the Autonomous Communities or local bodies.
 - g) Other public benefits for birth, multiple birth, adoption, multiple adoption, dependent children and orphans.
13. Unemployment benefits recognised by the relevant managing body when they are received in the form of a single payment, established in Royal Decree 1044/1985, of 19 June, which regulates the payment of unemployment benefits in the form of a single payment, and in Article 34 of Law 20/2007, of 11 July, on the Statute of Self-Employment, provided that the amounts received are used for the purposes established in those regulatory provisions, with the requirements set forth therein.

The exemption referred to in the previous paragraph will be subject to maintaining the share or participation for a period of five years, in the event that the taxpayer has joined labour companies or worker cooperatives, or has made a contribution to the share capital of a commercial company, or on maintaining the activity for the same period, in the case of self-employed workers. The five-year maintenance period for the share or participation or economic activity shall not be enforceable when failure to comply results from the liquidation of the company as a result of insolvency proceedings. In the case of self-employed workers, the maintenance of this period shall not be required when non-compliance derives from the provisions of numbers 1 and 3 of Article 331(1)(a) of the Consolidated Text of the Social Security Law, approved by Royal Legislative Decree 8/2015, of 30 October.

Also exempt shall be the financial aid for employment due to permanent relocation recognised by voluntary social welfare entities for working and employee partners of cooperatives declared dissolved, who are members of the special Social Security system for self-employed workers, intended for contributions to the share capital of the cooperatives to which they are permanently relocated.

In the cases provided for in the previous paragraph, the exempt amount shall be limited to the amount of the maximum benefit recognised by the State Public Employment Service. The excess will be taxed as income from work.

14. Social aid received by application of the provisions of Royal Decree-Law 9/1993, of 28 May, by which aid is granted to those affected by the human immunodeficiency virus (HIV) as a consequence of actions carried out in the Public Health System, and in Article 2 of Law 14/2002, of 5 June, by which social aid is established for people with haemophilia or other congenital coagulopathies.
15. Financial aid to top-level sportsmen and sportswomen in accordance with the preparation programmes established by the competent institutions, under the conditions determined by regulation.
16. Extraordinary bonuses and benefits of a public nature for participation in international peace missions or international humanitarian missions, under the terms established by regulations.
17. Income from work received for work actually carried out abroad, provided that the following requirements are met:
- 1. That such work is carried out for a company or entity not resident in Spain or a permanent establishment located abroad, under the conditions established by regulations. In particular, when the entity receiving the work is related to the employee's employer or to the entity in which the employee provides their services, the requirements provided in Article 44(1) of the Provincial Corporation Tax Regulations must be met.

2. That in the territory in which the work is carried out a tax of an identical or analogous nature to that of this tax is applied and it is not a country or territory considered to be a tax haven. This requirement shall be deemed to be met when the country or territory in which the work is carried out has signed an international double taxation avoidance agreement with Spain containing an exchange of information clause.

The exemption will be applied to the remuneration earned during the days spent abroad, with a maximum limit of 60,100 Euros per year.

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This exemption shall be incompatible, for taxpayers posted abroad, with the system of excesses excluded from taxation provided for in the Personal Income Tax Regulations, whatever their amount. The taxpayer may opt for the application of the excess system as a substitute for this exemption.

For the purposes of the provisions of Article 105 of this Provincial Regulation, the taxpayer must declare the option to apply this exemption or the excess system when filing the tax return for the tax year in which they wish to apply it. The option exercised for a tax period may not be modified once the voluntary tax return period has ended.

18. Positive income arising as a result of:

- a) The receipt of Community agricultural policy aid for the permanent abandonment of milk production or of vineyards, pears, peaches or nectarines, or for the uprooting of banana plantations or of apple, pear, peach and nectarine plantations, as well as for the permanent abandonment of sugar beet and sugar cane cultivation.
- b) Receipt of aid from the Community fisheries policy for the permanent cessation of fishing activity, permanent cessation of fishing activity of a vessel and transfer to or as a consequence of the establishment of joint enterprises in third countries.
- c) The disposal of a fishing vessel when, within one year from the date of disposal, the acquirer scraps the vessel and receives the corresponding Community aid for the cessation of its fishing activity.
- d) The receipt of public aid aimed at repairing the destruction, by fire, flood, subsidence, volcanic eruption or other natural causes, of capital assets.
- e) The receipt of aid for the abandonment of road transport activity paid by the competent administration to hauliers who meet the requirements established in the regulations governing the granting of such aid.
- f) The receipt of public compensation, due to the compulsory slaughter of livestock, within the framework of actions aimed at the eradication of epidemics or diseases. The provisions of this point shall apply only to animals intended for breeding purposes.
- g) The receipt of aid from the European Agricultural Guarantee Fund (EAGF), Community aid from the European Agricultural Fund for Rural Development (EAFRD) and aid granted to climate and environmental schemes (eco-schemes).

For the purposes of calculating the income referred to in this paragraph, account shall be taken both of the amount of aid received and of any losses in capital assets. In the case of point (c) above, equity gains shall also be taken into account. Where the amount of such aid is less than the amount of the losses on the aforesaid assets, the negative difference may be included in the tax base. Where there are no losses, only the amount of the aid shall be excluded from taxation.

Public aid, other than that provided for in this number, received for the repair of damage suffered by capital assets due to fire, flooding, subsidence or other natural causes, shall be included in the tax base to the extent that it exceeds the cost of repairing them. Under no circumstances will the repair costs, up to the amount of the aforesaid aid, be tax deductible or be counted as an improvement.

Public aid received to compensate for temporary or permanent eviction for the same reasons from the taxpayer's habitual residence or from the premises where the owner of the economic activity carried out the same activity shall be exempt.

19. Capital subsidies granted to those who exploit forestry estates managed in accordance with technical plans for forestry management, forest management, forestry plans or reforestation plans approved by the competent Administration, provided that the average production period is equal to or greater than thirty years.
20. The amounts received by the candidates for jury duty and by the jurors and substitutes as a consequence of the fulfilment of their functions.
21. Compensation paid by the Public Administrations for physical, psychological or moral damages to persons as a consequence of the operation of public services, when they are established under the procedures provided in Law 39/2015, of 1 October, on the Common Administrative Procedure of Public Administrations and in Law 40/2015, of 1 October, on the Legal System of the Public Sector.
22. Benefits received for burial or funeral, up to the limit of the total amount of expenditure incurred.
23. The income that becomes apparent at the time of the constitution of insured annuities resulting from the individual systematic savings plans referred to in the third supplementary provision of the Law on Personal Income Tax and partial amendment of the Laws on Corporation Tax, Non-Resident Income Tax and Wealth Tax, taking into account the special features contained in the fourth supplementary provision of this Provincial Regulation.
24. The dividends and shares in profits referred to in Article 34(a)(b) of this Provincial Regulation, up to a limit of 1,500 Euros per year.

This exemption shall not apply to dividends and profits distributed by collective investment institutions, nor to those from securities or holdings purchased within the two months prior to the date on which they were paid when, after this date, within the same period, there is a transfer of homogeneous securities. In the case of securities or units not admitted to trading on any of the official secondary securities markets defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, the period shall be one year.

Likewise, this exemption will not apply to the interest on contributions paid by cooperatives to their members.

25. Income from work derived from benefits obtained in the form of income by disabled persons corresponding to the contributions referred to in Article 72 of this Provincial Regulation, up to a limit of three times the minimum interprofessional wage.
26. The public economic benefits linked to the service, for care in the family environment and personalised assistance that are derived from Act 39/2006, of 14 December, on the promotion of personal autonomy and care for dependent persons.
27. Public aid, as determined by regulation, provided by the public sector.
28. Compensation provided for in State or Autonomous Community legislation to compensate for deprivation of liberty in penitentiary establishments as a consequence of the cases

contemplated in Law 46/1977, of 15 October, on Amnesty, as well as those provided for in Law 52/2007, of 26 December, which recognises and extends rights and establishes measures in favour of those who suffered persecution or violence during the civil war and the dictatorship.

29. Compensation for death and disabling injuries incurred in the defence and vindication of democratic rights and freedoms, provided for in Law 52/2007, of 26 December, which recognises and extends rights and establishes measures in favour of those who suffered persecution or violence during the civil war and the dictatorship.
30. Aid derived from both Organic Law 1/2004, of 28 December, on Comprehensive Protection Measures against Gender Violence, and the Order of 29 October 2014, of the Regional Minister of Justice, Employment and Social Security, which establishes the procedure for granting and payment of financial aid to women victims of gender violence provided for in Article 27 of Organic Law 1/2004, of 28 December. Likewise, aid from territorial public administrations with the same purpose as Organic Law 1/2004, of 28 December, shall also be exempt.
31. Income received for the performance of the functions of instructor, referee, judge, delegate, sports manager, federation technical director and coach in the execution of the School Sports Programme or activities for school-age sportsmen and women authorised by the Provincial Council of Bizkaia or in the execution of the activities of the sports federations of the Basque Country regulated in Basque Government Decree 16/2006, of 31 January, provided that such aid does not exceed the amount of gross income from employment below the threshold requiring the filing of a tax return.
32. Positive returns on movable capital from life insurance, deposits and financial contracts through which the Long-Term Savings Plans referred to in Supplementary Provision Thirty-three of this Provincial Regulation are instrumented, provided that the taxpayer does not make any disposal of the capital resulting from the Plan before the end of the five-year period following its opening.

Any disposal of the aforesaid capital or failure to comply with any other requirement of the provisions of Supplementary Provision Thirty-three of this Provincial Regulation before the end of the aforesaid period shall determine the obligation to include the income referred to in the previous paragraph generated during the term of the Plan in the tax period in which such non-compliance occurs.

33. Those received as minimum living income regulated in Law 19/2021, of 20 December, which establishes the minimum living income.
34. The financial compensation provided for in Decree 107/2012, of 12 June, on the declaration and reparation of victims of unjust suffering as a result of the violation of their human rights, produced between 1960 and 1978 in the context of politically motivated violence experienced in the Autonomous Community of the Basque Country.
35. Compensation recognised in accordance with the provisions of Law 12/2016, of 28 July, on the recognition and reparation of victims of human rights violations in the context of politically motivated violence in the Autonomous Community of the Basque Country between 1978 and 1999.
36. Aid provided for in Royal Decree 574/2023, of 4 July, which regulates the procedure for granting aid to people affected by thalidomide in Spain during the period 1950-1985, as well as any income, capital gain, pension or payment of any kind and for any reason received as a person affected by thalidomide.
37. Income derived from survivor benefits in the form of capital or redemptions derived from life insurance contracts, obtained by taxpayers over the age of 65, provided that the total amount obtained is used within a period of six months to constitute an assured life annuity

in their favour, under the conditions determined by the corresponding regulations. The maximum total amount that may be used for this purpose to constitute life annuities shall be 240,000 euros.

In the event that the taxpayer also applies the exemption provided for in Article 42 f) of this Provincial Regulation, the maximum amount provided for in the previous paragraph shall be applied jointly with that provided for in the first paragraph of the aforementioned Article 42 f).

When the amount reinvested is less than the total benefit received, only the proportional part of the income from movable capital obtained corresponding to the amount reinvested shall be excluded from taxation.

The total or partial anticipation of the economic rights deriving from the annuity constituted shall determine the taxation of the corresponding income from movable capital.

38. The benefits referred to in Article 18(a) of this Provincial Regulation received due to the occurrence of the contingencies and situations provided for in the third paragraph of point b) of Section 2 of Article 19 and in its Article 70, except for the benefits provided for in numbers 1, 2, and 4, when in this case mutual social welfare societies act as alternative systems to the special Social Security scheme for self-employed workers, and number 6, when received in the form of income, in the part corresponding to the income referred to in Article 37.e) of this Provincial Regulation.

For the purposes of applying the provisions of this number, it shall be necessary that the annuity constituted be for life or, if it is temporary, that it have a minimum duration of 15 years and be a constant amount, without prejudice to changes in the amount that may arise for technical or financial reasons.

39. The financial compensation for asbestos victims provided for in Royal Decree 483/2025, of 17 June, which establishes the requirements and regulates the procedure for recognising the right to financial compensation for asbestos victims, in implementation of Law 21/2022, of 19 October, on the creation of a compensation fund for asbestos victims.

TITLE III TAXPAYERS

Article 10. Taxpayers.

1. The individuals referred to in Article 2 number 1(a)(b) of this Provincial Regulation are taxpayers.
2. Individuals of Spanish nationality who, having been subject to the tax regulations of Bizkaia for this Tax, prove their new tax residence in a country or territory considered as a tax haven, shall not lose their status as taxpayers for this Tax. This rule shall be applied in the tax period in which the change of residence takes place and during the following four tax periods.

Article 11. Attribution of income.

1. The income corresponding to civil companies, whether or not they have legal personality, joint estates, communities of property and other entities referred to in Article 34(3) of the General Tax Regulations of the Historical Territory of Bizkaia, shall be attributed to the partners, heirs, co-owners or participants, respectively, under the provisions of Section 2 of Chapter VI of Title IV of these Regulations.

The provisions of this section shall not apply to the shareholders of the civil companies referred to in the Thirty-fourth Supplementary Provision of this Provincial Regulation.

2. The income attribution system shall not be applicable to Agricultural Transformation Companies, which shall be subject to Corporation Tax.
3. Entities under the income attribution system shall not be subject to Corporation Tax, except where the provisions of Article 31 bis.11 of the Provincial Regulation on Corporation Tax are applicable.
4. The income attribution system shall not be applicable to inheritances pending the exercise of a testamentary power of attorney, which shall be taxed in accordance with the provisions of Article 12(6) of this Provincial Regulation.

Article 12. Individualisation of income.

1. Income shall be understood to be obtained by taxpayers according to its origin or source, whatever the economic system of the marriage or domestic partnership, as the case may be.
2. Income from work shall be attributed exclusively to the person who has generated the right to receive it. However, the benefits referred to in Article 18(a) of this Provincial Regulation shall be attributed to the individuals in whose favour they are recognised.
3. Income from business activities shall be deemed to be obtained by those who habitually, personally and directly manage the means of production or the human resources assigned to the activities on their own account.

It shall be presumed, in the absence of proof to the contrary, that these requirements are met by those who appear as owners of the business activities.

4. Equity gains shall be attributed to the taxpayers who are the owners of the capital assets, goods or rights from which such income derives.

For the purposes of the previous paragraph, the assets and rights shall be attributed to the taxpayers in accordance with the rules on legal ownership applicable in each case and on the basis of the evidence provided by the taxpayers or that discovered by the Administration.

Where applicable, the rules on the legal ownership of assets and rights contained in the provisions governing the economic system of marriage or common law couples, as well as in the provisions of civil law applicable in each case to the property relations between family members, shall apply.

The ownership of the assets and rights which, in accordance with the provisions or agreements governing the corresponding matrimonial property system or property system, are common to both spouses or common-law partners respectively, shall be attributed in half to each of them, unless another share is justified.

If the ownership of the assets or rights is not duly accredited, the tax authorities shall be entitled to consider as the owner the person who appears as such in a tax or other public register.

5. Equity gains and losses shall be deemed to have been obtained by taxpayers who, under the provisions of the previous paragraph, are the owners of the assets, rights and other capital assets from which they derive.

Unjustified equity gains shall be attributed according to the ownership of the assets or rights in which they arise.

Acquisitions of assets and rights that do not derive from a previous transfer shall be considered as equity gains of the person to whom the right to obtain them corresponds or who has earned them directly.

6. Income from an inheritance pending the exercise of a testamentary power shall be attributed to the usufructuary of the assets of the inheritance, according to the origin or source of such income. Notwithstanding the provisions of paragraph 3 above, income from business activities shall be attributed to the usufructuary thereof as such.

Without prejudice to the provisions of the previous paragraph, equity gains and losses obtained as a result of the transfer of assets and rights and the income from movable capital referred to in Article 35 of this Provincial Regulation obtained as a result of the transfer of assets representing the raising and use of capital of others, which form part of the inheritance pending the exercise of a testamentary power, when such transfers do not involve the accrual of Inheritance and Gift Tax, they shall be attributed, in any case, to the inheritance itself and shall be taxed under the provisions of Chapter I of Title II of Provincial Regulation 7/2002, of 15 October, on the Adaptation of the Tax System of the Historical Territory of Bizkaia to the peculiarities of the Provincial Civil Law of the Basque Country.

With regard to assets or rights over which a usufructuary right is not established, the income shall be attributed to the inheritance itself and shall be taxed under the provisions of Chapter I of Title II of Provincial Regulation 7/2002, of 15 October, on the Adaptation of the Tax System of the Historical Territory of Bizkaia to the peculiarities of the Provincial Civil Law of the Basque Country.

Income corresponding to the post-conjugal community provided for in Article 140 of Law 5/2015, of 25 June, on Basque Civil Law, pending the exercise of testamentary power, shall be attributed in halves to the widowed spouse and to the estate pending the exercise of testamentary power, according to the rules provided in the three preceding paragraphs.

The provisions of the preceding paragraph shall be applicable to registered domestic partnerships, when the economic property system for which they have opted is applicable to the said provision of Law 5/2015, of 25 June, on Basque Civil Law.

TITLE IV TAX BASE

CHAPTER I GENERAL RULES

Article 13. Concept of tax base.

The tax base shall be constituted by the amount of income obtained by the taxpayer in the tax period and shall be determined in accordance with the provisions of this Title.

Article 14. Determination of the tax base.

1. The tax base will be determined by the direct assessment system and, subsidiarily, by the indirect assessment system, in accordance with the provisions of the General Provincial Tax Regulation.
2. The following order shall be used to quantify the tax base:
 1. Income shall be classified according to its origin.
 2. Net income, equity gains and losses and income subject to imputation shall be quantified in accordance with the rules provided in this Title.

3. Different incomes shall be integrated and offset according to their origin and their classification as general income or savings.

The result of these operations shall give rise to the general tax base and the and the savings tax base.

CHAPTER II WORK FROM INCOME

Article 15. Concept of work from income.

Income from work shall be considered to be any consideration or profit, whatever its denomination or nature, in cash or in kind, which derives directly or indirectly from the personal work or employment or statutory relationship of the taxpayer and which is not in the nature of income from business activities.

Remuneration in kind is the use, consumption or obtaining, for private purposes, of goods, rights or services free of charge or at a price lower than the normal market price, even if they do not involve an actual expense for the person who grants them.

Where the payer of the income provides the taxpayer with sums in cash in order for him to acquire the goods, rights or services, the income shall be considered to be in cash.

Article 16. Work from income of a monetary nature.

The following, among others, shall be considered as income from work of a monetary nature:

- a) Wages and salaries.
- b) Unemployment benefits and benefits for cessation of activity of self-employed workers.
- c) Remuneration for representation expenditure.
- d) Subsistence and travel allowances, except for transport costs and normal meals and accommodation in hotels and restaurants, within the limits established by regulations.
- e) Prizes and indemnities arising from a relationship listed in the previous Article.
- f) The amounts made available to workers as compensation for the expenses incurred by them as a result of their work carried out in the form of teleworking, except for amounts that exceed those established at any given time by Collective Agreement, up to the limit of the market value of those expenses.

Article 17. Income from work in kind.

1. The following, among others, shall be considered as work from income in kind:
 - a) Contributions or amounts paid by the protective partners of voluntary social welfare institutions, by the promoters of pension plans provided for in the consolidated text of the Pension Plans and Funds Regulation Act, approved by Royal Legislative Decree 1/2002, of 29 November, or by the sponsoring companies provided for in Directive (EU) 2016/2341 of the European Parliament and of the Council, of 14 December 2016, on the activities and supervision of institutions for occupational retirement provision.
 - b) The contributions or amounts paid by employers to meet pension commitments, under the terms provided for in the first supplementary provision of the consolidated text of the Pension Plans and Funds Regulation Act, approved by Royal Legislative Decree 1/2002, of 29 November, and in its implementing regulations, when these are imputed

to the persons to whom the benefits are linked. This tax imputation shall be voluntary in collective insurance contracts other than company social welfare plans, and the decision adopted with regard to the rest of the premiums paid until the termination of the insurance contract shall be maintained. However, the imputation for tax purposes shall be compulsory in the case of risk insurance contracts, without prejudice to point (f) of the following section. In no case shall tax imputation be compulsory in insurance contracts in which the contingencies of retirement and death or disability are covered jointly.

- c) The use of housing by reason of their position or status as a public or private employee.
 - d) The use or supply of motor vehicles.
 - e) The granting of loans at interest rates lower than the legal interest rate.
 - f) Benefits for board and lodging, tourist trips and similar.
 - g) Premiums or contributions paid by the company in virtue of an insurance contract or other similar contract, except as provided for in points (e) and (f) of the following section.
 - h) Amounts intended to meet the study and living expenditure of the taxpayer, their spouse or unmarried partner, or of other persons linked to them by family ties, including those of related persons or those resulting from the constitution of the unmarried partner.
2. Notwithstanding the provisions of the previous paragraph, they shall not be considered as employment income from work in kind:
- a) Deliveries to employees of products at reduced prices made in canteens or company canteens or social commissaries. Indirect formulas for the service provision, the amount of which does not exceed the amount to be determined by regulation, will be considered as deliveries of products at reduced prices in company canteens, whether the service is provided on the premises of the catering establishment or outside thereof, after collection by the employee or by delivery to the workplace or to the place chosen by them to carry out their work on days when this is carried out remotely or by teleworking.
 - b) The use of goods intended for the social and cultural services of employed staff. This will include, among others, the spaces and premises, duly approved by the competent Public Administration, allocated by the companies or employers to provide the first infant education service cycle to the workers' children, as well as contracting this service with duly authorised third parties or the indirect formulas for the provision of the same, the quantity of which does not exceed the amount determined by regulation.
 - c) The amounts allocated to the updating, training or recycling of the staff employed, when they are required by the development of their activities or the characteristics of the jobs.
 - d) Amounts allocated to train employees in the use of new technologies, under the terms to be determined by regulation.
 - e) Premiums or quotas paid by the company in virtue of an insurance contract for accidents at work or workers' liability insurance.
 - f) Premiums corresponding to temporary collective insurance contracts for pure risk in the event of death or disability, up to the limit established by regulations.
 - g) Amounts paid to entities responsible for providing the public collective passenger transport service for the purpose of facilitating the employees commuting between their place of residence and their place of work, up to a limit of 1,500 Euros per year for each employee. Indirect payment formulas that meet the conditions established by regulation

shall also be considered as amounts paid to the entities responsible for providing the aforesaid public service.

- h) The provision by the employer of the equipment, tools and resources necessary for the performance of their work, in the form of teleworking, under the conditions established by the corresponding regulations.
- i) The use of urban bicycles owned by the employer for the travel of workers from their usual place of residence to their place of work or vice versa. For these purposes, this includes electrically assisted bicycles in accordance with the definition contained in Regulation (EU) 168/2013 of the European Parliament and of the Council of 15 January 2013.

Article 18. Other work from income.

The following will also be considered as work from income:

- a) The following benefits, unless they are classified differently in this Provincial Regulation:
 - 1. Pensions and passive assets received from the public social security and passive class systems and other public benefits for situations of disability, retirement, accident, illness, widowhood or similar, without prejudice to the provisions of Article 9 of this Provincial Regulation.

Notwithstanding the provisions of the previous paragraph, the benefits and amounts received by those who carry out business activities under any of the concepts established in the General Social Security Law that imply a situation of temporary disability for such activities shall be computed as income from such activities.

- 2. Benefits received by the beneficiaries of general compulsory mutual benefit societies for civil servants, orphans' schools and other similar entities.
- 3. The following payments are listed below:
 - a) The amounts received by members and beneficiaries of voluntary social welfare institutions, including those received as a result of voluntary or compulsory withdrawal or the dissolution and liquidation of the institution or in the event of serious illness and long-term unemployment.

However, amounts received as a result of voluntary or compulsory cancellation or dissolution and liquidation of the institution will not be included in the taxable base of the tax, when the amounts received are contributed in full to another voluntary social welfare institution within a period not exceeding two months.

- b) The benefits received by the beneficiaries of pension plans, including the amounts drawn in advance in the cases provided for in Article 8(8) of the Consolidated Text of the Law Regulating Pension Plans and Funds, approved by Royal Legislative Decree 1/2002, of 29 November, and those received from the pension plans regulated in Directive (EU) 2016/2341 of the European Parliament and the Council, of 14 December 2016, on the activities and supervision of institutions for occupational retirement provision.
- 4. The benefits received by the beneficiaries of insurance contracts taken out with mutual benefit societies whose contributions may have been, at least in part, a deductible expense for the determination of the net income from business activities or the subject of a reduction in the taxable base of this tax.

The retirement and disability benefits arising from such contracts shall be included in the taxable base to the extent that the amount received exceeds the contributions which

have not been subject to reduction or diminution in the taxable base of the tax due to non-compliance with the requirements provided in Article 70(1)(4)(a), in the eighth supplementary provision or in the ninth supplementary provision of this Provincial Regulation.

5. Benefits received by beneficiaries of company social welfare plans.
 6. Retirement and disability benefits received by the beneficiaries of collective insurance contracts, other than company social welfare plans, which implement the pension commitments assumed by companies, under the terms provided in the first supplementary provision of the consolidated text of the Pension Plans and Funds Regulation Act, approved by Royal Legislative Decree 1/2002, of 29 November, and in its implementing regulations, insofar as the amount exceeds the contributions imputed for tax purposes and the contributions directly made by the worker.
 7. The benefits received by the beneficiaries of the insured pension plans, including the amounts paid in advance in the cases provided for in Article 8(8) of the Consolidated Text of the Pension Plans and Funds Regulation Act, approved by Royal Legislative Decree 1/2002, of 29 November.
 8. The benefits received by the beneficiaries of dependency insurance in accordance with the provisions of Act 39/2006, of 14 December, on the promotion of personal autonomy and care for dependent persons.
- b) The amounts paid by reason of their post to Members of the European Parliament, Members and Senators of the Spanish Parliament, Members of the Basque Parliament or other Autonomous Legislative Assemblies, Attorneys of General Meetings, Town Councillors and members of Provincial Councils or other Local Bodies, excluding, in any case, the part of the same that these Institutions allocate for travel and transport expenditure.
 - c) The remuneration of Spanish civil servants in international organisations, without prejudice to the provisions of international conventions or treaties.
 - d) The amounts obtained for the performance of the functions of ministers or priests of legally recognised religious denominations.
 - e) Remuneration of directors and members of the Boards of Directors, of the Boards acting in their stead and other members of other representative bodies."
 - f) Special economic rights reserved by the founders or promoters of a company as remuneration for personal services.
 - g) Grants, when they derive from a relationship described in Article 15 of this Provincial Regulation, and without prejudice to the provisions of Article 9 of the same.
 - h) Remuneration received by those who collaborate in humanitarian or social assistance activities, without prejudice to the provisions of Article 9 of this Provincial Regulation.
 - i) Compensatory pensions received from the spouse or common-law partner, and annuities for maintenance, without prejudice to the provisions of Article 9(1) of this Provincial Regulation.
- They shall not be considered as such when the provisions of the second paragraph of Article 69 of this Provincial Regulation are applicable.
- j) Remuneration derived from special employment relationships.

Article 19. Full income from work.

1. In general, the full income from work shall be made up of all the income defined in the previous Articles of this Chapter.
2. However, in the cases listed in this section, the full income from work shall be obtained by applying the following percentages to the total amount of the income defined in the previous Articles of this Chapter:

- a) When the income from work has a generation period of more than two years and is not obtained periodically or recurrently, 60%; this percentage shall be 50% in the event that the generation period is more than five years or is classified by regulations as being obtained in a noticeably irregular manner over time.

The calculation of the period of generation, in the event that this income is received in instalments, shall take into account the number of years of instalments, under the terms established by regulations.

The amount of the income to which the set of integration percentages of less than 100% referred to in this section shall be applied may not exceed the amount of 300,000 Euros per year. The excess over the aforesaid amount shall be integrated at 100%.

When income has been received to which different integration percentages of less than 100% are applicable, for the purposes of calculating the limit of 300,000 Euros provided for in the previous paragraph, those to which the lowest integration percentages correspond shall be considered first.

- b) In the case of the benefits referred to in Article 18(a) of this Provincial Regulation, excluding those provided for in number 6, which are received in the form of capital, they shall be included in the tax base at 100 per cent.

Notwithstanding the provisions of the previous paragraph, the amount received in the form of capital that does not correspond to the income provided for in Article 37.e) of this Provincial Regulation shall be integrated at 70 per cent in the case of the first benefit received for each of the different contingencies, provided that more than two years have elapsed since the first contribution. The two-year period shall not apply in the case of invalidity or dependency benefits.

The provisions of the previous paragraph shall not apply to benefits received in the form of capital referred to in Article 18.a), numbers 1, 2 and 4, when in this case the mutual social welfare funds act as alternative systems to the special Social Security scheme for self-employed workers. In such cases, taxation shall apply in accordance with the provisions of point a) above.

The treatment established in this point shall also apply to the amounts received in the event of serious illness and long-term unemployment, as well as in the case of redemption of economic rights or consolidated rights or voluntary or compulsory sick leave.

For the purposes of this point, the first amount received shall mean all the amounts received in the form of capital in the same tax period.

- c) In the case of income deriving from benefits received in the form of capital from the collective insurance contracts referred to in number 6 of Article 18(a) of this Provincial Regulation when the contributions made by the employers have been imputed to the persons to whom the benefits are linked:

- a') In the case of retirement benefits:

- 60%, when they correspond to premiums paid more than two years before the date on which they are received.
- 25%, where they relate to premiums paid more than five years before the date on which they are received. The same percentage shall apply to the total return from benefits under such contracts where more than eight years have elapsed since the first premium was paid, provided that the premiums paid during the term of the contract are sufficiently regular and frequent, under the terms to be established by regulation.

b') In the case of invalidity benefits:

- 25%, when the invalidity occurs in the terms and degrees established by regulations or when the benefits derive from insurance contracts taken out more than eight years previously, provided that the premiums paid throughout the duration of the contract are sufficiently regular and regular under the terms established by regulations;
- 60%, when the above requirements are not met.

Similarly, this treatment shall be applicable to disability benefits, received in the form of capital, deriving from the collective temporary pure risk insurance contracts referred to in Article 17(2)(f) of this Provincial Regulation.

In the case of benefits received in the form of capital from the collective insurance contracts referred to in Article 18(a)(6) of this Provincial Regulation when the contributions made by the employers have not been allocated to the persons to whom the benefits are linked, 60%:

- In the case of invalidity benefits.
- When they correspond to premiums paid more than two years before the date on which they are received.

Simplified formulae for the application of the percentages referred to in this point (c) may be provided for in the regulations.

The benefits referred to in Article 18(a) of this Provincial Regulation, when they are received in the form of income and the imputed company contributions which reduce the taxable base, shall be computed in their entirety.

The amount of the income referred to in points b) and c) of this section to which the integration percentages of less than 100% shall be applied may not exceed the amount of 300,000 Euros per year. The excess over the aforesaid amount shall be integrated at 100%.

Article 20. Stock options.

1. In the case of income from work arising from the pursuit of stock options of the entity in which services are rendered, of any of the group of corporations or of any other entity with which there is a relationship, the following specificities shall be taken into account for the determination of the full income from work:
 - a) The income shall only be considered to have a generation period of more than two or five years, and that it is not obtained on a periodic or recurring basis, when the exercise of the option right is made more than two or five years respectively after it has been granted if, in addition, they are not granted on an annual basis.
 - b) The amount of the income to which the integration percentages referred to in section 2(a) of the previous Article shall be applied may not exceed the amount resulting from

multiplying the amount to be determined by regulation by the number of years in which the income is generated.

2. The amount of the limit referred to in the preceding section shall be doubled when the stock options are delivered under the following requirements:
 - a) The shares or holdings purchased must be held for at least 3 years from the exercise of the call option.
 - b) The offer of call options must be made under the same conditions to all employees of the company, group or subgroups of companies.

Article 21. Net income from work.

The net income from work shall be determined by the reduction of the total income by the amount of the deductible expenditure and rebate.

Article 22. Deductible expenditure.

Only the following shall be considered as deductible expenditure:

- a) Contributions to the Social Security or to compulsory general mutual societies for civil servants and deductions for passive rights and contributions to orphan's colleges or similar institutions, as well as the amounts paid by taxpayers to entities or institutions which, in accordance with current regulations, have assumed the provision of certain contingencies corresponding to the Social Security.
- b) The amounts compulsorily contributed to their political organisation by popularly-elected political posts, as well as by freely-appointed political posts.

These amounts shall be limited to 25% of the total income obtained in the performance of the aforesaid job, when this represents the taxpayer's main source of income.

Only those taxpayers included in the information form referred to in Article 116(i) of this Provincial Regulation may apply the provisions of this point.

Article 23. Rebate on income from work.

1. The positive difference between the total of the full income from work and the deductible expenditure will be credited with the following amounts:
 - a) When the difference is equal to or less than 14,800 Euros, a rebate of 8,000 Euros will be applied.
 - b) When the difference is between 14,800.01 and 23,000 Euros, a rebate of 8,000 Euros minus the result of multiplying by 0.6098 the amount resulting from reducing the aforesaid difference by 14,800.00 Euros will be applied.
 - c) When the difference is greater than 23,000 Euros, a rebate of 3,000 Euros.
2. When the taxable base includes unearned income exceeding 7,500 Euros, the amount of rebate shall be 3,000 Euros.
3. The rebates contemplated in the previous sections shall be increased:
 - a) 100% for those active disabled workers with a degree of disability equal to or greater than 33% and less than 65%.

- b) By 250 per cent for active workers with a degree of disability equal to or greater than 33 per cent and less than 65 per cent who are in a state of reduced mobility, with this being understood as obtaining in the sub-scale of Limitations in Mobility Activities (BLAM) of Royal Decree 888/2022, of 18 October, which establishes the procedure for the recognition, declaration and classification of the degree of disability, a final mobility limitation equal to or greater than 25 per cent, as well as for those active disabled workers with a degree of disability equal to or greater than 65 per cent.
- 4. The application of the rebate provided for in this Article may not give rise to a negative net income from work.

CHAPTER III

INCOME FROM BUSINESS ACTIVITIES

Article 24. Concept of total income from economic activities.

1. Full income from Business Activities shall be considered to be income which, being derived from personal work and capital together, or from only one of these factors, involves the taxpayer's own use of means of production and human resources, or one of both, for the purpose of intervening in the production or distribution of goods or services.

In particular, income from extractive activities, manufacturing, trade or the provision of services, including crafts, agriculture, forestry, livestock, fishing, construction, mining and professional activities are considered as such.

2. Professional activities shall be considered to be exclusively those classified in the second and third sections of the Business Activities Tax Rates.
3. It shall be understood that the leasing or purchase and sale of real estate is considered an economic activity only when, for the management of the activity, there is at least one person employed on a full-time contract, with exclusive dedication to this activity. For these purposes, spouses, registered domestic partnerships, ascendants, descendants or second-degree collateral relatives, shall not be counted as an employed person. Whether said relationship arises from kinship, consanguinity, affinity, in the relationship that results from the constitution of the registered domestic partner or in the adoption, of the taxpayer, nor the persons who are considered to be persons related to the same in the terms of Article 42(3) of the Provincial Regulation on Corporation Tax.

Article 25. General rules for calculating the net income.

1. The calculation of the net income will be carried out by means of the direct estimation method, which will have the following modalities:
 - a) Standard.
 - b) Simplified. This modality will be applied for certain business activities whose volume of operations, for all the activities carried out by the taxpayer, does not exceed 600,000 Euros in the immediately preceding year.

See the twenty-ninth supplementary provision of this Provincial Regulation, which establishes that this magnitude will not be applicable to agricultural and livestock, forestry and coastal fishing activities.

In the event of starting the activity during the financial year, the amount referred to in the previous paragraph shall be calculated on the basis of the volume of operations carried out in that financial year.

If the financial year of commencement of the activity is less than one year, for the purpose of calculating the amount referred to above, the transactions carried out shall be taken to be one year.

For the application of this modality, the taxpayer shall be required to expressly state this in the terms established by regulation.

2. When the taxpayer assigns or lends to third parties free of charge, when there is a consideration and this is noticeably lower than the normal market value of the goods, rights and services, as well as when the taxpayer uses or consumes the goods, rights or services that are the object of the activity, the provisions of Article 58 of this Provincial Regulation shall be taken into account.
3. To determine the net income from business activities, the equity gains or losses deriving from capital assets assigned to them shall be included, which shall be quantified under the provisions of the Provincial Corporation Tax Regulation.

Likewise, the provisions of Article 36 of the aforesaid Provincial Regulation shall be applicable to the reinvestment of windfall profits. The reinvestment option shall be stated when submitting the self-assessment tax return for the year in which it is applied for the purposes of the provisions of Article 117(3) of the General Tax Regulation of the Historical Territory of Bizkaia. The option exercised for a tax period may be modified at a later date once the voluntary period for self-assessment of the tax has ended and provided that the tax authorities have not issued a prior request.

Where applicable, the profits or losses resulting from the application of the provisions of this section shall be added to or subtracted from the ordinary income of the economic activity to determine the net income.

4. When the net income from the economic activity has a generation period of more than two years and is not obtained periodically or recurrently, it shall be computed at 60%; this percentage shall be 50% in the event that the generation period is more than five years or is classified by regulations as being obtained in a noticeably irregular manner over time.

Apart from income classified as significantly irregular, in no case shall the integration percentages specified in the previous paragraph apply to the following cases:

- a) Income derived from economic activities whose exercise gives rise to this type of income on a regular or habitual basis.
- b) Income derived from economic activities for which, taken as a whole, the existence of defined cycles of application and return of funds is not inherent, so that there is no period of more than two or five years between the date on which the investment generating the income is made and its subsequent receipt, and therefore they cannot be applied to specific and exclusive income-generating transactions considered in isolation.

The calculation of the generation period in the event that the payment is made in instalments shall take into account the number of years of instalments under the terms established by regulation.

The amount of the net income referred to in this section, on which the integration percentages shall be applied, may not exceed the amount of 300,000 Euros per year. The excess over the aforesaid amount shall be integrated at 100%.

When income has been received to which different integration percentages of less than 100% are applicable, for the purposes of calculating the limit of 300,000 Euros provided for in the previous paragraph, those to which the lowest integration percentages correspond shall be considered first.

5. Taxpayers who start to carry out an economic activity may reduce the positive net income of the same by 10% and 15 per cent in the case of women, after applying, where applicable, the provisions of the previous section, in the first tax period in which this is positive and in

the following tax period, provided that the first tax period in which this positive net income is obtained takes place in the first five tax periods from the start of their activity.

For these purposes, it shall not be understood that the pursuit of an economic activity is commenced when the same has previously been carried out directly or indirectly by the taxpayer. It shall be understood that the taxpayer carries out the same activity when it is classified in the same group within the Rates of the Tax on Business Activities.

This reduction shall not be applicable in the tax period in which more than 50% of the income derived from the economic activity commenced comes from a person or entity from which the taxpayer had obtained income from work in the year prior to the date on which the activity commenced.

Article 26. Assigned capital assets.

1. The following shall be considered to be assets assigned to an economic activity:
 - a) Real estate in which the taxpayer's activity is carried out.
 - b) Assets intended for the economic and socio-cultural services of the personnel in the service of the activity, not being considered as assigned assets for leisure and recreation or, in general, for the private use of the owner of the economic activity.
 - c) Any other assets that are necessary to obtain the respective income. In no case shall assets representing the participation in the equity of an entity and the transfer of capital to third parties be considered as such.
2. In the case of assets which only partially serve the purpose of the economic activity, the allocation shall be understood to be limited to that part of the assets which is actually used in the activity in question.

Regulations may determine the conditions under which, notwithstanding their use for private needs in an incidental and noticeably irrelevant manner, certain capital assets may be deemed to be assigned to an economic activity.

3. The consideration of assets and liabilities as assigned shall be irrespective of whether they are owned jointly by both spouses or by the partners.
4. The assignment of capital assets or the withdrawal of non-current assets by the taxpayer shall not constitute an alteration of assets, provided that the assets or rights continue to form part of the taxpayer's assets.

Without prejudice to the provisions of the preceding paragraph, in the case of the withdrawal of items allocated to the economic activity that are destined to the personal assets of the taxpayer, their acquisition value shall be as follows:

- a) If the net income is determined by the normal modality of the direct estimation method, the net book value that they had at the time of assignment.
- b) In other cases, the difference between the purchase price and the depreciations made or which should have been made.

When the method of estimating income applied by the taxpayer during the time the assets were assigned to his economic activity did not allow, during all or part of that period of time, the express deduction of the depreciation of the aforesaid assets, it shall be understood that, in those periods of time, the depreciation resulting from applying the minimum coefficients resulting from the maximum periods, as provided for in the Corporation Tax Regulation, has been deducted.

For the purposes of future changes in assets, the acquisition value shall be understood to be the result of multiplying the acquisition price or production cost of the assets subject to withdrawal less the accumulated depreciation relating to them by the monetary correction coefficients applicable in Corporation Tax, as approved by the corresponding regulations, and the date of acquisition shall be the date on which the withdrawal took place. In the event of a subsequent transfer, this acquisition value shall be updated in accordance with the provisions of Article 45.2 of this Provincial Regulation.

5. It shall be understood that there has not been a transfer if the assets or rights are disposed of before three years have elapsed from the date of the transfer.

In the event of cessation of the activity, it shall be understood that the capital assets have been previously withdrawn, unless the taxpayer resumes the pursuit of any economic activity within the following three years from the date of cessation of the activity.

On the other hand, in the case of the assignment to business activities of assets or rights of personal assets, their incorporation shall be made at the value for which they were purchased.

The latter shall be deemed not to have existed, for all purposes, if the assets or rights are disposed of before three years have elapsed since their assignment without reinvestment of the amount of the disposal under the terms provided for in Article 36 of the Provincial Corporation Tax Regulation.

Article 27. Rules for the determination of net income under the normal direct assessment method.

In the determination of net income by means of the normal direct assessment method, the general rules established in Article 25 of this Provincial Regulation and the provisions of the Provincial Corporation Tax Regulation shall apply, taking into account, in addition, the following special rules:

1. The items referred to in Article 31(4) of the Provincial Corporation Tax Regulation shall not be considered as deductible expenditure, nor shall contributions to mutual benefit societies of the employer or professional, without prejudice to the provisions of Article 70 of this Provincial Regulation.

However, the amounts paid in virtue of insurance contracts taken out with mutual benefit societies by professionals not included in the special Social Security system for self-employed workers or freelancers shall be considered as deductible expenditure when, for the purposes of complying with the obligation provided in the eighteenth supplementary provision of the consolidated text of the General Social Security Act, approved by Royal Legislative Decree 8/2015, of 30 October, they act as alternatives to the aforesaid special Social Security system, in the part whose purpose is to cover contingencies covered by said special system, with the limit of the maximum contribution for common contingencies that is established, in each financial year, in the aforesaid special system.

2. When it is duly accredited, with the existence of the appropriate employment contract and affiliation to the corresponding Social Security system, that the spouse, unmarried partner or minor children of the taxpayer who live with them, work habitually and continuously in the business activities carried out by the taxpayer, the remuneration stipulated with each of them shall be deducted in order to determine the income, provided that it is not higher than the market rate corresponding to their professional qualifications and work performed.

These amounts shall be considered as income from work obtained by the spouse, common-law partner or minor children for all tax purposes.

3. When the spouse, common-law partner or the minor children of the taxpayer who live with him, make transfers of assets or rights that serve the purpose of the economic activity in

question, the stipulated consideration shall be deducted for the determination of the income of the holder of the activity, provided that it does not exceed the market value and, in the absence of the latter, the latter may be deducted. The consideration or the market value shall be considered as income from the capital of the spouse, common-law partner or minor children for all tax purposes.

The provisions of this rule shall not apply in the case of assets and rights which are common to both spouses or partners.

4. The following expenditure shall be deductible, to the amount and subject to the requirements indicated, insofar as they are related to the economic activity:
 - a) 50% of the expenditure of each activity carried out by the taxpayer for public relations relating to catering, hotel, travel and transport services, subject to a maximum limit for all of these items of 5% of the taxpayer's income for the tax period, determined for each of the activities.
 - b) Gifts and other presents, provided that the unit amount per recipient and tax period does not exceed 300 Euros and that there is documentary proof of the identity of the recipient. In the event that the aforesaid expenditure exceed the indicated amount, they shall be deductible up to that amount.

5.

One. In general, expenditure related to the purchase, importation, leasing, repair, maintenance, depreciation and any other expenditure related to the use of passenger cars and their trailers, mopeds and motorbikes shall not be deductible.

Two. In cases in which the taxpayer proves that the vehicle used by him or her, as a consequence of the nature of the activity carried out, is noticeably relevant and habitual for obtaining income, 50 per cent of the aforementioned expenditure for a single vehicle shall be deductible, subject to the following limits:

- a) The amount of 3,000 euros or 50 per cent of the amount resulting from multiplying the depreciation percentage used by the taxpayer by 30,000 euros, if it is a lower amount and the asset is subject to depreciation, by way of lease, transfer or depreciation.

In the case of battery electric vehicles (BEVs), extended-range electric vehicles (REEVs), fuel cell electric vehicles (FCVs) or fuel cell hybrid electric vehicles (FCHVs), instead of the provisions set out above, the amount of 4,000 euros or 50 per cent of the amount resulting from multiplying the depreciation percentage used by the taxpayer by 40,000 euros shall apply, if this is a lower amount and the asset is subject to depreciation, in the form of leasing, transfer or depreciation.

- b) The proportional part that the amount of 30,000 euros represents in relation to the purchase price of the vehicle, when this is higher, for the financial expenditure derived from the purchase of the aforementioned vehicles.

In the case of vehicles referred to in the second paragraph of point a) above, the amount of 40,000 euros shall apply.

- c) The sum of 3,600 euros for other items related to their use, per vehicle and per year in all cases.

Three. When the taxpayer provides reliable proof of the exclusive use of the vehicle for the development of his or her economic activity, this expenditure shall be deductible up to the following limits:

- a) The amount of 6,000 euros or the amount resulting from multiplying the depreciation percentage used by the taxpayer by 30,000 euros, if it is a lesser amount and the asset is subject to depreciation, by way of lease, transfer or depreciation.

In the case of battery electric vehicles (BEVs), extended-range electric vehicles (REEVs), fuel cell electric vehicles (FCVs) or fuel cell hybrid electric vehicles (FCHVs), instead of the provisions set out above, the amount of 8,000 euros or the amount resulting from multiplying the depreciation percentage used by the taxpayer by 40,000 euros shall apply, if this is a lower amount and the asset is subject to depreciation, in the form of leasing, transfer or depreciation.

- b) The proportional part that the amount of 30,000 euros represents in relation to the purchase price of the vehicle, when this is higher, for the financial expenditure derived from the purchase of the aforementioned vehicles.

In the case of vehicles referred to in the second paragraph of point a) of this section, the proportion corresponding to 40,000 euros in relation to the purchase price of the vehicle shall apply, when this is higher.

- c) An amount of 7,200 euros for other items related to its use.

If the vehicle has not been used by the taxpayer for part of the year, the limits specified in this rule shall be calculated in proportion to the time of use.

Four. The limits regulated in sections Two and Three of this rule shall not apply when the expenditure to which this rule refers are linked to the use of the following vehicles, which shall be presumed to be exclusively used for carrying out the economic activity:

1. Mixed vehicles used for the transport of goods.
 2. Those used in the provision of passenger transport services for consideration.
 3. Those used by their manufacturers in the performance of tests, trials, demonstrations or sales promotion.
 4. Those used in the professional trips of commercial representatives or agents with the limitations established in points (a) and (b) of section Three above.
 5. Those used in the service provision of driver or pilot training for remuneration.
 6. Those used for surveillance services.
 7. Vehicles that are used effectively and exclusively in the rental activity for a consideration, by entities habitually engaged in this activity.
6. Expenditure related to the purchase, leasing, repair, maintenance, depreciation and any other expenditure related to the use of pleasure or water sports boats or vessels or aircraft are not deductible.

If the aforesaid means of transport are used exclusively for carrying out an economic activity, the expenditure indicated in the previous paragraph shall be deductible up to the maximum limit of the amount corresponding to the income obtained in each tax period. However, the aforesaid limit shall not be applicable when the taxpayer proves that he has the material and human resources necessary for the pursuit of the economic activity consisting of the operation of the aforesaid means of transport on a continuous basis over time.

7. Expenditure derived from operations in which the provisions of Article 7 of Law 7/2012, of 29 October, on the amendment of tax and budgetary regulations and the adaptation of financial regulations for the intensification of actions in the prevention and fight against fraud, on limitations on cash payments, are not deductible.
8. Bribes will not be deductible.
9. Taxpayers who meet the requirements set out in Article 13 of the Provincial Corporation Tax Regulation to be considered micro, small or medium-sized corporations shall be subject to the provisions for each of them in point (b) of Article 21(1)(2)(3), as well as Article 22(3) of the aforesaid Provincial Regulation.

For the purposes of compliance with the requirements provided in the aforesaid Article 13, the set of business activities carried out by the taxpayer shall be taken into account.

Article 28. Rules for the determination of the net income in the simplified modality of the direct assessment method.

1. For the determination of the net income by means of the simplified modality of the direct assessment method, the following shall be applied:
 - a) Income and expenditure shall be qualified and quantified, with the exception of impairment losses, depreciation, the amounts for lease, assignment or depreciation expenditure referred to in Article 27(2)(a) and (3)(a) of Rule 5 of this Provincial Regulation and the gains and losses deriving from the assets assigned to the activity, under the provisions of the Provincial Corporation Tax Regulation and the rules of the previous Article.
 - b) The difference between the income and expenditure referred to in the previous point shall be calculated and the resulting amount shall be reduced by applying the percentages specified below for depreciation, impairment losses and expenditure that are difficult to justify.

When, in the immediately preceding year, the difference between the income and expenses mentioned in the previous point did not exceed 35,000 euros, by 20 per cent.

When, in the immediately preceding year, the difference between the income and expenses mentioned in the previous point exceeded 35,000 euros and did not exceed 85,000 euros, by 15 per cent.

When, in the immediately preceding year, the difference between the income and expenses mentioned in the previous point exceeded 85,000 euros, by 10 per cent.
 - c) The amount resulting from the provisions of point (b) above shall be increased or reduced by the profits and losses deriving from assigned capital assets for the activity, under the provisions of Article 25(3) of this Provincial Regulation.
2. In the case of certain groups of entrepreneurs or professionals in simplified direct assessment, special rules may be established by regulation for the quantification of certain deductible expenditure, including the percentage referred to in section 1(b) of this Article.

CHAPTER IV INCOME FROM CAPITAL

SECTION 1 GENERAL RULES

Article 29. Definition.

1. All income or consideration, whatever its denomination or nature, whether in cash or in kind, deriving, directly or indirectly, from assets, goods or rights, the ownership of which corresponds to the taxpayer and which are not assigned to business activities carried out by the taxpayer, shall be deemed to be full income from capital.

However, income derived from the transfer of ownership of the assets, even when there is a reservation of title agreement, shall be taxed as equity gains or losses, unless they are classified as equity gains or losses under these Provincial Regulation.

2. Income in kind is the use, consumption or obtaining, for private purposes, of goods, rights or services free of charge or at a price lower than the normal market price, even if they do not involve an actual expense for the person who grants them.

Where the payer of the income provides the taxpayer with sums in cash in order for him to acquire the goods, rights or services, the income shall be considered to be in cash.

3. In any case, the following shall be included as income from capital:
 - a) Those from real estate, both rural and urban, which are not assigned to business activities carried out by the taxpayer.
 - b) Income from movable capital and, in general, from other assets or rights owned by the taxpayer, which are not assigned to business activities carried out by the taxpayer.

SECTION 2 INCOME FROM REAL ESTATE CAPITAL

Article 30. Concept of full income from real estate capital.

1. Full income from real estate capital shall be considered to be income from the transfer of rural and urban real estate or rights in rem that rest on the same, and shall include all income derived from leasing, subleasing or from the constitution or transfer of rights or powers of use or enjoyment over the same, whatever their denomination or nature.
2. The amount received for all concepts from the lessee, sub lessee, assignee or beneficiary of the constitution of the right or faculty of use or enjoyment, including, where applicable, that corresponding to all those assets assigned with the property and excluding Value Added Tax, shall be computed as full income.
3. However, when the income referred to in Article 32(6) of this Provincial Regulation has a generation period of more than two years and is not obtained periodically or recurrently, the full income will be obtained by applying the integration percentage of 60%; this percentage will be 50% if the generation period is more than five years or if it is classified by regulations as being obtained in a noticeably irregular manner over a period of time.

The calculation of the period of generation, in the event that this income is received in instalments, shall take into account the number of years of instalments in the terms established by regulations.

The amount of the income referred to in this section, to which the integration percentages shall be applied, may not exceed the amount of 300,000 Euros per year. The excess over the aforesaid amount shall be integrated at 100%.

When income has been received to which different integration percentages of less than 100% are applicable, for the purposes of calculating the limit of 300,000 Euros provided for in the previous paragraph, those to which the lowest integration percentages correspond shall be considered first.

Income derived from the constitution of rights in rem of use or enjoyment over immovable property shall be computed, in all cases, at 100% of their amount.

Article 31. Net income.

The net income from real estate capital shall be the result of deducting the full income in the items referred to in the following Article.

Article 32. Deductible expenditure and rebates.

1. In the case of income from real estate capital derived from dwellings other than those referred to in sections 2, 3, 4 and 5 below, and provided that no economic activity is carried out in these properties, a 20 per cent reduction shall be applied to the total income obtained from each property.

Likewise, only the amount of interest on borrowed capital invested in the purchase, refurbishment or improvement of the property, rights or rights of use or enjoyment from which the income derives, and other financing expenses, shall be deductible. For these purposes, the amounts paid shall be reduced by the amount of any subsidies that the taxpayer may have received to cover the payment of the aforementioned items, provided that they are exempt in application of the regulations governing this tax.

The sum of the allowance and the deductible expenditure may not give rise, for each property, to a negative net income.

2. In the case of income from real estate capital derived from the rental of housing under the terms of Article 2 of Law 29/1994, of 24 November, on Urban Leases, a 30 per cent reduction shall be applied to the total income obtained from each property.

Likewise, the following shall be deductible, exclusively:

- a) The amount of interest on borrowed capital invested in the purchase, refurbishment or improvement of the property, rights or rights of use or enjoyment from which the income derives, and other financing expenses, shall be deductible. For these purposes, the amounts paid shall be reduced by the amount of any subsidies that the taxpayer may have received to cover the payment of the aforementioned items, provided that they are exempt in application of the regulations governing this tax.
- b) The amount of credit insurance premiums covering all or part of the non-payment of rent to which the taxpayer is entitled by virtue of the lease, up to a limit of 300 euros.

The sum of the allowance and the deductible expenditure may not give rise, for each property, to a negative net income.

3. In the case of income from real estate capital derived from Basque Government programmes within the framework of the Empty Housing Programme “Bizigune”, regulated by Basque Government Decree 466/2013, of 23 December, the Housing Rental Market Intermediation Programme “ASAP”, regulated by Basque Government Decree 144/2019, of 17 September, or other similar regional, provincial or municipal housing plans and

programmes, a 70 per cent reduction shall be applied to the total income obtained from each property from the rental or transfer of the dwelling to the aforementioned programmes.

Likewise, only the amount of interest on borrowed capital invested in the purchase, refurbishment or improvement of the property, rights or rights of use or enjoyment from which the income derives, and other financing expenses, shall be deductible. For these purposes, the amounts paid shall be reduced by the amount of any subsidies that the taxpayer may have received to cover the payment of the aforementioned items, provided that they are exempt in application of the regulations governing this tax.

The sum of the allowance and the deductible expenditure may not give rise, for each property, to a negative net income.

4. In the case of income from real estate capital derived from the rental of housing under the terms of Article 2 of Law 29/1994, of 24 November, on Urban Leases, located in a declared stressed residential market area and where the rent is limited to the amounts corresponding to the reference indices, a 70 per cent reduction shall be applied to the total income obtained from each property.

Likewise, the following shall be deductible, exclusively:

- a) The amount of interest on borrowed capital invested in the purchase, refurbishment or improvement of the property, rights or rights of use or enjoyment from which the income derives, and other financing expenses, shall be deductible. For these purposes, the amounts paid shall be reduced by the amount of any subsidies that the taxpayer may have received to cover the payment of the aforementioned items, provided that they are exempt in application of the regulations governing this tax.
- b) The amount of credit insurance premiums covering all or part of the non-payment of rent to which the taxpayer is entitled by virtue of the lease, up to a limit of 300 euros.

The sum of the allowance and the deductible expenditure may not give rise, for each property, to a negative net income.

5. The provisions of Sections 3 and 4 above shall also apply when the lessor has limited the rent to the amounts corresponding to the reference indices or public intermediation reference prices.
6. In the case of equity gains from real estate capital not included in the previous section, the full income shall be reduced by the amount of the deductible expenditure detailed below:
 - a) The expenses necessary to obtain the income, including the amount of interest on borrowed capital invested in the purchase, refurbishment or improvement of the property, rights or powers of use or enjoyment from which the income derives, and other financing expenses.
 - b) The amount of the deterioration suffered by use or by the passage of time in the assets from which the income derives, under the conditions determined by regulation.

In the case of income derived from the ownership of rights or powers of use or enjoyment, the proportional part of the corresponding purchase values paid shall be deductible as depreciation, under the conditions determined by regulations.

The sum of the deductible expenditure may not give rise, for each property, to a negative net income.

SECTION 3

INCOME FROM MOVABLE CAPITAL

Article 33. Concept of income from movable capital.

1. The following shall be considered as full income from movable capital:
 - a) Income obtained from participation in the equity of any type of entity.
 - b) Income obtained from the transfer of equity to third parties.
 - c) Income from capitalisation operations, life or disability insurance contracts and income derived from the taxation of capital.
 - d) Other income from movable capital.
2. The consideration obtained by the taxpayer for the deferral or payment in instalments of the price of transactions carried out in the course of his normal economic activity shall not be considered as capital income, without prejudice to taxation under the corresponding concept.

Article 34. Income obtained from participation in the equity of any type of entity.

The following income, whether in cash or in kind, shall be considered to be income obtained from participation in the equity of any type of entity:

- a) Dividends, bonuses for attendance at meetings and shares in the profits of any type of entity.
- b) Income from any kind of assets, except for the delivery of bonus shares, which, by statute or by decision of the corporate bodies, entitle the holder to participate in the profits, sales, operations, income or similar items of an entity for reasons other than income for personal work.
- c) Income deriving from the constitution or assignment of rights or powers of use or enjoyment, whatever their denomination or nature, over securities or holdings representing a share in the entity's equity.
- d) Any other income, other than the aforesaid, from an entity as a partner, shareholder, associate or participant.
- e) The distribution of the premium on the issue of shares or holdings. The amount obtained will reduce, until it is cancelled, the purchase value of each of the shares or holdings affected and individually considered, and any excess that may result will be taxed as capital income.

Notwithstanding the provisions of the preceding paragraph, in the case of distribution of the issue premium corresponding to securities not admitted to trading on any of the regulated securities markets defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, and representative of the participation in the equity of companies or entities, when the difference between the value of the own funds of the shares or holdings corresponding to the last financial year closed prior to the date of the distribution of the premium and their purchase value is positive, the amount obtained or the normal market value of the goods or rights received shall be considered as income from movable capital up to the limit of the aforesaid positive difference.

For these purposes, the value of the equity referred to in the preceding paragraph shall be reduced by the amount of the profits distributed prior to the date of the distribution of the

share premium, from reserves included in the aforesaid equity, as well as by the amount of the legally restricted reserves included in said equity which have been generated subsequent to the purchase of the shares or holdings.

The excess over this limit shall reduce the purchase value of the shares or units under the first paragraph of this point (e).

Where, by application of the second paragraph of this point (e), the distribution of the share premium has determined that all or part of the amount obtained or the normal market value of the assets or rights received has been taken into account as income from movable capital, and the taxpayer subsequently obtains dividends or shares in profits in accordance with point (a) of this Article, from the same entity in respect of shares or holdings which have remained in his assets since the distribution of the share premium, the amount obtained from the dividends or holdings in profits shall, up to the limit of the previously computed income from movable capital corresponding to the said shares or holdings, reduce the purchase value thereof in accordance with the provisions of the first paragraph of this point (e).

Article 35. Income obtained from the transfer of equity to third parties.

1. The following shall be deemed to be income from the transfer of equity to third parties: consideration of any kind, whatever its denomination or nature, whether in cash or in kind, such as interest and any other form of remuneration agreed as remuneration for such transfer, as well as that deriving from the transfer, redemption, amortisation, exchange or conversion of any kind of assets representing the raising and use of other people's capital.
2. In particular, the following shall be considered as such:
 - a) Income from any drawing instrument, including that arising from commercial transactions, from the moment it is endorsed or transferred, unless the endorsement or transfer is made in payment of a credit from suppliers or providers.
 - b) The consideration, whatever its designation or nature, derived from accounts with all types of financial institutions, including those based on transactions in financial assets.
 - c) Income derived from repurchase agreements on financial assets.
 - d) Income paid by a financial institution as a result of the total or partial transfer, assignment or transfer of a credit owned by the same.
3. In the case of transfer, redemption, amortisation, redemption, exchange or conversion of securities, the difference between the transfer, redemption, amortisation, exchange or conversion value of the securities and their purchase or subscription value shall be computed as income.

The exchange or conversion value shall be taken to be the value of the securities received.

Ancillary costs of purchase and disposal shall be taken into account for the quantification of the income, provided that they are adequately justified.

Negative returns derived from transfers of financial assets, when the taxpayer has purchased standardised financial assets within the two months prior or subsequent to such transfers, shall be integrated as and when the financial assets that remain in the taxpayer's assets are transferred.

4. Regarding assets representing the raising and use of outside capital referred to in this Article, it shall consider that there is no income from movable capital in the lucrative transfers of the same, due to the death of the taxpayer, nor shall the negative income from

movable capital derived from the lucrative transfer of the same by "inter vivos" acts be taken into account.

The provisions of the previous paragraph shall apply even when the lucrative transfer is carried out in use of the testamentary power of attorney by the commissioner, or by any succession title with present effectiveness, with those provided for in Article 5 of the Provincial Inheritance and Gift Tax Regulation being considered as succession titles for these purposes.

In lucrative transfers by succession with present effectiveness referred to in the preceding paragraph, the purchase value for the acquirer of the assets representing the raising and use of third-party capital shall be taken as the value they had at the time of their delivery by the donor to the donee for the purposes of future transfers, unless the donee transfers the same assets before the death of the donor, in which case the donee shall be subrogated, with respect to the values and dates of purchase of the said assets, to the position of the donor, retaining those held by the latter prior to the succession agreement with present effect.

Article 36. Income from capitalisation operations, life or disability insurance contracts and income derived from the taxation of capital.

1. Income in cash or in kind from capitalisation operations or from life or disability insurance contracts shall be considered as such, except when, under the provisions of Article 18(a) of this Provincial Regulation, they must be taxed as income from work. In particular, the following rules shall apply to this income from movable capital:

- a) When deferred capital is received, the income from capital shall be determined by the difference between the capital received and the amount of the premiums paid.

Notwithstanding the above, if the insurance contract combines the contingency of survival with those of death or disability and the capital received corresponds to the survival contingency, the part of the premiums paid corresponding to the capital at risk for death or disability that has been consumed up to that moment may also be deducted, provided that during the whole term of the contract, the capital at risk is equal to or less than five percent of the mathematical provision. For these purposes, the capital at risk is considered to be the difference between the capital insured for death or disability and the mathematical provision.

- b) In the case of immediate life annuities, which have not been acquired by inheritance, legacy or any other inheritance, the result of applying the following percentages to each annuity shall be considered as income from movable capital:

- 40%, when the recipient is under 40 years of age.
- 35%, when the recipient is between 40 and 49 years of age.
- 28%, where the recipient is between 50 and 59 years of age.
- 24%, if the recipient is aged between 60 and 65.
- 20%, if the beneficiary is aged between 66 and 69.
- 8% if the recipient is aged 70 or over.

These percentages shall be those corresponding to the age of the annuitant at the time the annuity is constituted and shall remain constant throughout its duration.

c) In the case of immediate temporary income, which has not been acquired by inheritance, legacy or any other inheritance, the following percentages shall be considered as income from movable capital:

- 12%, when the income has a duration of five years or less.
- 16%, where the annuity is for a period of more than five years but not exceeding ten years.
- 20%, where the income is for a term of more than ten years but not more than fifteen years.
- 25%, where the annuity has a duration of more than fifteen years.

d) When deferred, lifetime or temporary income is received, which has not been acquired by inheritance, legacy or any other inheritance, the result of applying to each annuity the percentages provided for in b) and c) above, increased by the income obtained until the constitution of the income, calculated in the manner to be determined by regulation, shall be considered to be income from capital. When the income has been acquired by donation or any other legal transaction free of charge and inter vivos, with the exception of inheritance deeds with present effect, the return on capital shall be exclusively the result of applying to each annuity the percentage corresponding to those provided for in (b) and (c) above.

Notwithstanding the provisions of the previous paragraph, under the terms established by regulation, retirement and disability benefits received in the form of an annuity by the beneficiaries of life or disability insurance contracts, other than those referred to in Article 18(a) of this Provincial Regulation, and in which there has been no mobilisation of the provisions of the insurance contract during its term, shall be included in the taxable base of the tax, as income from movable capital, from the moment when the amount exceeds the premiums that have been paid under the contract or, in the event that the annuity has been acquired by donation or any other legal transaction free of charge and inter vivos, with the exception of inheritance titles with present effectiveness, when they exceed the actuarial value of the annuities at the time of their constitution. In such cases the percentages provided for in (b) and (c) above shall not apply. For the application of this system in the case of retirement benefits, the insurance contract must have been taken out at least two years prior to the date of retirement.

e) In the case of termination of temporary or life annuities, which have not been acquired by inheritance, legacy or any other inheritance, when the termination of the annuity has its origin in the exercise of the right of surrender, the income from movable capital shall be the result of adding to the amount of the surrender the annuities paid up to that moment and subtracting the premiums paid and the amounts which, in accordance with the previous points of this section, have been taxed as income from movable capital. Where the income has been acquired by donation or any other legal transaction free of charge and inter vivos, with the exception of inheritance titles with present effect, the yield accumulated up to the constitution of the income shall be additionally subtracted.

f) Life or disability insurance policies which provide for benefits in the form of capital and such capital is used for the constitution of life or temporary annuities, provided that this possibility of conversion is included in the insurance contract, shall be taxed under the provisions of the first paragraph of point (d) above. In no case shall the provisions of this point be applicable when the capital is made available to the taxpayer by any means.

2. In the case of annuities for life or other temporary annuities which have as their cause the taxation of capital, except when they have been purchased by inheritance, legacy or any other inheritance, the result of applying to each annuity the percentages provided for in points (b) and (c) of the previous section for immediate annuities, whether for life or

temporary, deriving from life insurance contracts, shall be considered as income from movable capital.

Article 37. Other income from movable capital.

The following income, in cash or in kind, is considered as such:

- a) Those from intellectual property when the taxpayer is not the author and those from industrial property that is not affected by business activities carried out by the taxpayer.
- b) Those from the provision of technical assistance, unless such assistance is provided in the context of an economic activity.
- c) Those from the leasing of movable property, businesses or mines, as well as those from subleasing received by the sublessor, which do not constitute business activities.
- d) The proceeds from the transfer of the right to the exploitation of the image or from the consent or authorisation for its use, unless they are obtained by the person who generates the right to the exploitation of the image or in the context of an economic activity.
- e) Positive income derived directly from employer contributions to social welfare systems, which become apparent at the time of the contingency or circumstance giving rise to the benefits referred to in Article 18(a) of this Provincial Regulation, except those provided for in numbers 1, 2, 4, when in this case mutual social welfare societies act as alternative systems to the special Social Security scheme for self-employed workers, and number 6.

For these purposes, income shall be deemed to be the positive difference between the taxpayer's economic rights and the contributions made.

The proportion of the total economic rights represented by the income provided for in this point shall be calculated at the time of the occurrence of the contingency or circumstance giving rise to the benefit and shall remain unchanged throughout the period during which the benefit is received, regardless of the form of payment.

Article 38. Full income from movable capital.

The full income from movable capital shall be constituted, in general, by the totality of the income defined in the previous Articles of this Section.

Article 39. Net income.

1. Net income from movable capital shall correspond to the sum of the full income, except as provided for in the following section of this Article.
2. In the case of income derived from the provision of technical assistance, from the leasing of movable property, businesses or mines or from subleases, to obtain the net income, the expenditure necessary to obtain it and, where appropriate, the amount of the impairment suffered by the property or rights from which the income derives, shall be deductible from the gross income.

In no case may the sum of the deductible expenditure give rise, for each income defined in Article 37 above, to a negative net income.

Notwithstanding the provisions of the first paragraph of this section, in the case of income from the subletting of dwellings referred to in Article 2 of Law 29/1994, of 24 November, on Urban Leases, to obtain the net income, exclusively, the amounts paid by the sublessor for the lease in the proportional part of the sublet element will be deductible and, additionally, a

30% rebate will be applied to the difference between the net income obtained by each sublet property and the amount calculated as a deductible expenditure.

3. However, when the net income from the income provided for in points a), b), c) and d) of Article 37 of this Provincial Regulation has a generation period exceeding two years and is not obtained on a regular or recurring basis, it shall be integrated at a rate of 60 per cent. This integration percentage shall be 50 per cent in the event that the generation period exceeds five years, as well as when it is classified by the corresponding regulations as having been obtained in a significantly irregular manner over time.

The calculation of the period of generation, in the event that this income is received in instalments, shall take into account the number of years of instalments in the terms established by regulations.

The amount of the income referred to in this section, to which the integration percentages shall be applied, may not exceed the amount of 300,000 Euros per year. The excess over the aforesaid amount shall be integrated at 100%.

When income has been received to which different integration percentages of less than 100% are applicable, for the purposes of calculating the limit of 300,000 Euros provided for in the previous paragraph, those to which the lowest integration percentages correspond shall be considered first.

CHAPTER V

EQUITY GAINS AND LOSSES

Article 40. Concept.

Equity gains and losses are those variations in the value of the taxpayer's assets which become apparent on the occasion of any alteration in the composition thereof, unless they are classified as income under this Provincial Regulation.

Article 41. Special cases.

1. It shall be deemed that there is no alteration in the composition of the assets, provided that there are no excess awards:
 - a) In cases of division of the common property.
 - b) In the dissolution of the community of property, in the dissolution of the provincial communication of assets or in the extinction of the economic property system of common-law partners, as well as in the extinction of the economic property system of common-law partners, when they have agreed on any of the above as the economic property system.
 - c) In the dissolution of community of property or in cases of separation of co-owners.

The cases referred to in this section may not, under any circumstances, give rise to the updating of the values of the assets or rights received.

However, it shall be understood that there is an alteration in the composition of the property in any case, in those cases in which one of the parties attributes to himself assets or rights for a value greater than that corresponding to his previous share of participation, compensating the other party or parties, or without paying any compensation. In such cases, the values of the assets or rights received in excess must be updated.

2. It will be considered that there is no capital gain or loss in the following cases:

- a) In capital reductions. When the reduction of capital, whatever its purpose, gives rise to the depreciation of securities or holdings, those purchased first shall be deemed to be depreciated, and their purchase value shall be distributed proportionally among the remaining homogeneous securities remaining in the taxpayer's assets. When the capital reduction does not affect equally all the securities or holdings owned by the taxpayer, it shall be understood to refer to those purchased first.

When the purpose of the capital reduction is the return of contributions, the amount of such return or the normal market value of the assets or rights received shall reduce the purchase value of the securities or holdings affected, in accordance with the rules of the previous paragraph, until they are cancelled. The excess that may result shall be included as income from movable capital from the participation in the equity of any type of entity, in the manner established for the distribution of the share premium, unless the capital reduction comes from undistributed profits, in which case the totality of the amounts received in this respect shall be taxed under the provisions of Article 34(a) of this Provincial Regulation. For these purposes, capital reductions, whatever their purpose, shall be deemed to affect firstly that part of the share capital which does not derive from undistributed profits, until they are cancelled.

Notwithstanding the provisions of the preceding paragraph, in the case of a capital reduction whose purpose is the repayment of contributions and does not derive from retained earnings, corresponding to securities not admitted to trading on any of the regulated securities markets defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, and representative of the participation in the equity of companies or entities, when the difference between the value of the equity of the shares or holdings corresponding to the last financial year closed prior to the date of the capital reduction and their purchase value is positive, the amount obtained or the normal market value of the goods or rights received will be considered as income from movable capital with the limit of the aforesaid positive difference.

For these purposes, the value of the equity referred to in the previous paragraph shall be reduced by the amount of the profits distributed prior to the date of the capital reduction, from reserves included in the aforesaid equity, as well as by the amount of the legally unavailable reserves included in said equity which have been generated after the purchase of the shares or holdings.

The excess over this limit shall reduce the purchase value of the shares or units in accordance with the second paragraph of point (a).

When by application of the provisions of the third paragraph of this point (a) the reduction of capital has determined the calculation as income from movable capital of all or part of the amount obtained or of the normal market value of the goods or rights received, and subsequently the taxpayer obtains dividends or shares in profits under Article 34(a) of this Provincial Regulation from the same entity in relation to shares or holdings which have remained in his assets since the capital reduction, the amount obtained from the dividends or shares in profits shall reduce, up to the limit of the previously calculated income from movable capital corresponding to the aforesaid shares or holdings, the purchase value of the same under the provisions of the second paragraph of this point (a).

- b) On the occasion of lucrative transfers due to the death of the taxpayer, even when the lucrative transfer is carried out using the testamentary power of attorney by the commissioner, or by any succession title with present effectiveness.

For these purposes, succession titles are those provided for in Article 5 of the Provincial Regulation on Inheritance and Gift Tax Regulations.

- c) In the case of transfers for no consideration of companies or shares and holdings in entities referred to in Article 6 of the Provincial Regulation on Wealth Tax, in favour of the spouse, registered domestic partner, ascendants, descendants or collateral relatives up to the fourth degree of the transferor, whether the relationship is based on blood, affinity, the relationship resulting from the establishment of the registered domestic partnerships or adoption, provided that the following requirements are met:

- One: That the transferor is 60 years of age or older or is in a situation of permanent incapacity, to an absolute degree or one involving severe disability.
- Two: That, if the transferor was exercising management functions, they cease to exercise those functions and to receive remuneration for the performance of them within two years of the transfer.

For these purposes, mere membership of the company's board of directors shall not be understood to be included among the management functions.

- Three: The transferee must maintain the company or the shares or holdings received for the five years following the date of the public deed of gift, unless they die within this period or the company or entity is liquidated as a result of insolvency proceedings. Furthermore, the acquirer may not carry out any acts of disposal or corporate transactions which, directly or indirectly, may lead to a substantial reduction in the acquisition value.

In the event of non-compliance with the aforementioned maintenance period, the transferor shall proceed to regularise the tax situation with the tax return for the tax year in which such non-compliance occurs, and the capital gain or loss shall be considered to have occurred in that tax year.

The assets allocated by the taxpayer to the economic activity after their purchase must have been allocated uninterruptedly for at least five years prior to the date of the transfer.

The provisions of this point c) shall apply to a single transfer for each entity of which the taxpayer is the holder, shareholder or participant.

When the taxpayer carries out a transfer as provided for in this point c), they must include the details of the transaction in their return.

- d) In the case of transfers of companies or holdings referred to in Article 6 of the Provincial Wealth Tax Regulation in favour of one or more employees who provide their services in the company or entity or in group entities, provided that the requirements set out in the previous point are met, the following specific provisions shall apply:

- One: The acquiring employees must have worked in the company or entity or in group entities for, at least, two of the five years prior to the acquisition. For these purposes, periods during which employees have been on voluntary leave to care for family members in any of the aforementioned entities shall also count as periods worked.
- Two: The five years referred to in the first paragraph of the first paragraph of the third requirement of the previous point c) shall be counted from the date of transfer of the company or the shares or holdings of the entity, the transfer of which must be documented in a public deed or in a private document to be submitted to the tax authorities.

In the event that the acquiring employee contributes the acquired shares or holdings to an entity held exclusively by the employees referred to below, this

condition shall be deemed to have been met when that employee maintains their interest in that entity for the remaining time until the end of the period referred to in the previous paragraph.

- Three: During the period provided for in the second requirement above, the acquiring persons must continue to provide their services as employees of the entity or of group entities or, where applicable, to contribute personal labour to the entity referred to in Article 24(1) of this Provincial Regulation. For these purposes, employees shall be deemed to continue to provide their services during the period in which they take voluntary leave to care for family members.

The requirements set out in the previous paragraph shall not be considered to have been breached when the acquiring persons die or stop working for the entity as a result of being recognised as suffering from total or absolute permanent disability or severe disability, provided that those circumstances arise after the transfer and before the expiry of the period provided for in the previous paragraph, and when the company or entity is liquidated as a result of insolvency proceedings.

- Four: During the period provided for in the second requirement above, each acquirer's direct or indirect participation in the entity, together with that of their spouse or registered domestic partner, their ascendants or adoptive parents, their descendants and adopted children and their collateral relatives up to the fourth degree, may not exceed 40 per cent. In the event that the entity forms part of a group, the above requirement must be met by each entity that forms part of the group.
- Five: That the transferor has been performing management functions, receiving remuneration for this that represents more than 50 per cent of the total income from economic activities and personal work, in accordance with the provisions of the first paragraph of Article 6(2)(d) of the Provincial Regulation on Wealth Tax, and that, in accordance with the second requirement of point c) above, they cease to perform these functions and to receive remuneration for them from the moment of the transfer. For these purposes, mere membership of the company's board of directors shall not be understood to be included among the management functions.

The requirement that the transfer of shares or holdings in an entity be made in favour of employees of that entity or of group entities shall be deemed to have been met when the acquirer is an entity which, in turn, meets the following requirements:

- a') That it is held exclusively by employees of the entity whose shares or holdings are being transferred or by employees of group entities, who meet the first requirement of this point d).

For the purposes of the entity's shareholding structure, the condition that it be held exclusively by employees referred to in the previous paragraph shall not be deemed to have been breached when the employees who hold shares in it cease to work for the employing entity as a result of retirement or the recognition of a situation of total or absolute permanent incapacity or severe disability.

Likewise, the condition relating to the entity's shareholding structure shall not be deemed to have been breached when the holding corresponds to successors of employees who have died after the acquisition of the shares or holdings in the entity held exclusively by employees. The above shall apply for a maximum period of two years from the death of the employee.

- b') That at least 90 per cent of its assets consist of shares or holdings in that entity or in group entities. For the purposes of determining this percentage, cash holdings shall not counted as assets.

In the event that the entity was incorporated or increased its share capital through cash contributions in the two months prior to the transfer, this requirement b') shall apply from the formalisation of the transaction.

The entity held exclusively by employees referred to in the preceding paragraphs must meet the requirements set out in points a') and b') above for the period provided for in the second requirement.

The period for maintaining the shares and holdings provided for in the second requirement shall be enforceable both for the entity held exclusively by employees, in relation to the shares and holdings acquired by it, and for the employees, in relation to their shares or holdings in that entity. If the entity owned exclusively by the employees is dissolved before the end of the period, the period shall be completed by the employee shareholders holding the shares and holdings.

In acquisitions made by entities held exclusively by employees referred to in the preceding paragraphs, it shall be incumbent upon the workers participating in the entity to comply with the third and fourth requirements of this point d).

In the event of non-compliance with the conditions provided for in this point d) at any time after the transfer, and regardless of whether the transfer was made to employees or to entities held exclusively by them, the transferor shall proceed to regularise the tax situation in the tax return corresponding for the tax year in which such non-compliance occurs. The regularisation shall also include the corresponding late-payment interest.

When the transfer of the companies or of the shares or holdings has been made for consideration, the acquisition value to be considered by the employee for the calculation of the capital gain or loss in a future transfer shall be the amount actually paid.

References to groups in this point shall be understood to refer to groups of companies, within the meaning of Article 42 of the Commercial Code.

When the taxpayer carries out a transfer as provided for in this point d), they must include the details of the transaction in their tax return.

The provisions of this point d) shall not apply when the transfer of shares and holdings is carried out through the exercise of options over them.

- e) On the termination of the matrimonial property system of separation of property, or of the property system agreed by the common-law partner, when by legal imposition or judicial decision there are compensations, in cash or through the award of property, for reasons other than the compensatory pension between spouses or members of the common-law partner.

The compensation referred to in this point shall not entitle the payer to a reduction in the taxable base of the payer and shall not constitute income for the recipient.

The circumstance referred to in this point shall not, under any circumstances, give rise to updating the value of the assets or rights awarded.

- f) On the occasion of contributions to protected estates constituted in favour of disabled persons who are not included in point (b) of this section.

Article 42. Exempt equity gains.

Equity gains that are disclosed shall be exempt from tax:

- a) On the occasion of donations made to the entities mentioned in Article 91 of this Provincial Regulation.
- b) On the occasion of the transfer for valuable consideration of their habitual residence by persons in a situation of severe or great dependency under Law 39/2006, of 14 December, on the Promotion of Personal Autonomy and Care for Persons in a Situation of Dependency.
- c) On the occasion of the transfer for valuable consideration of their main residence by people over 65 years of age. This exemption shall apply to the first 400,000 Euros of gain derived from the transfer of the main residence and for a single transfer.
- d) On the occasion of the payment provided for in Article 103(3) of this Provincial Regulation.
- e) On the occasion of the transfer in payment of the main residence of the debtor or guarantor of the debtor, for the cancellation of debts secured by a mortgage on the same, contracted with credit institutions or with any other entity that, in a professional manner, carries out the activity of granting mortgage loans or credits.

Likewise, Equity gains arising from the transfer of housing in which the above requirements are met, carried out in mortgage, judicial or notarial foreclosures, will also be exempt.

In any case it will be necessary that the owner of the habitual residence does not have other assets or rights in sufficient amount to satisfy the totality of the debt and avoid the disposal of the property.

- f) Equity gains arising from the transfer of assets by taxpayers over 65 years of age, provided that the total amount obtained from the transfer is used within a period of six months to constitute an assured life annuity in their favour, under the conditions determined by regulation. The maximum total amount that may be used for this purpose to constitute life annuities shall be 240,000 Euros.

In the event that the taxpayer also applies the exemption provided for in Article 9(37) of this Provincial Regulation, the maximum amount provided for in the first paragraph of this section shall be applied jointly with that provided for in the first paragraph of the aforementioned Article 9.37.

When the amount reinvested is less than the total amount received in the transfer, only the proportional part of the capital gain obtained corresponding to the amount reinvested will be excluded from taxation.

The total or partial anticipation of the economic rights deriving from the annuity constituted shall determine the taxation of the corresponding capital gain.

- g) 50% of the equity gains arising on the transfer of shares or holdings in entities for the purchase of which the taxpayer may apply the deduction established in Article 90 of this Provincial Regulation, without the provisions of sections 3 and 7 of the aforesaid precept being taken into account for these purposes.

To apply the provisions of the previous paragraph, the taxpayer must provide the certificate referred to in Article 90(6) of this Provincial Regulation.

The exemption shall be 100% of the capital gain in cases where the taxpayer reinvests the amount obtained from the transfer of the shares or holdings referred to in the first paragraph of this point in the purchase of other shares or holdings that meet the requirements referred

to in this paragraph, within a period not exceeding two years from the date of said transfer. In this case, the deduction provided for in Article 90 of this Provincial Regulation may not be applied with respect to the shares or holdings in which the aforesaid reinvestment is made.

When the amount reinvested is less than the total amount received in the transfer, the provisions of the previous paragraph shall only apply to the proportional part of the capital gain corresponding to the amount reinvested.

For the purposes of the application of the 100% exemption referred to in this point, the tax authorities may approve special reinvestment plans when specific circumstances so justify.

The circumstances referred to in the previous paragraph shall be deemed to exist when it is proven that, due to its economic characteristics, the investment must necessarily be made within a period longer than the generally established two years from the date of transfer, or in cases in which, due to duly justified supervening circumstances, the reinvestment process cannot be completed within the aforesaid period.

The application for approval of a special reinvestment plan shall comply with the procedure and requirements established by regulations, and must be submitted within six months before or after the transfer of the shares or holdings, except where it arises from supervening circumstances, in which case the application must be submitted before the end of the two-year period from the date of transfer established in general and must specify the part of the reinvestment made and the time plan necessary to complete it.

Article 43. Non-computable capital losses.

The following shall not be computed as capital losses:

- a) Those that are not justified.
- b) Those due to consumption.
- c) Those due to lucrative transfers by intervivos acts or liberalities.
- d) Those due to transfers for valuable consideration of real estate deriving from a previous purchase for valuable consideration which was exempt or which had not been subject to effective taxation.

However, the provisions of this point shall not apply when the taxpayer proves the decrease in the value of the real estate due to exceptional circumstances or when the loss arises exclusively from the expenses inherent in the sale or purchase.

- e) Those due to gambling losses obtained in the tax period, which exceed the winnings obtained in gambling in the same period.

Losses derived from participation in the games referred to in the eighteenth supplementary provision of this Provincial Regulation shall not be computed under any circumstances.

- f) Those deriving from the transfer of assets, when the transferor reacquires them within the year following the date of the transfer. This capital loss shall be integrated when the subsequent transfer of the asset takes place.
- g) Those derived from the transfer of securities or shares admitted to trading on any of the official secondary securities markets defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, when the taxpayer has purchased standardised securities within the two months prior or subsequent to said transfers.

- h) Those deriving from transfers of securities or shares not admitted to trading on any of the official secondary securities markets defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, when the taxpayer had purchased standardised securities in the year before or after such transfers.
- i) Those arising from transfers of fungible crypto assets, when the taxpayer has acquired assets of the same type within the two months prior to or following these transfers.

In the cases provided for in points g), h) and i) above, the capital losses shall be integrated as and when the securities or holdings that remain in the taxpayer's assets are transferred.

Article 44. Amount of equity gains or losses. General rule.

1. The amount of equity gains or losses shall be:
 - a) In the event of transfer for valuable consideration or profit, the difference between the values of purchase, updated where appropriate in accordance with the provisions of the following Article, and transfer of the assets.
 - b) In other cases, the market value of the assets or proportional parts thereof, where applicable.
2. If improvements have been made to the assets transferred, a distinction shall be made between the part of the disposal value corresponding to each component thereof.

Article 45. Transfers for valuable consideration.

1. The purchase value shall be made up of the sum of:
 - a) The actual amount for which the said purchase was made.
 - b) The cost of the investments and improvements made in the purchased assets and the expenses and taxes inherent in the purchase, excluding interest, which have been paid by the purchaser.

This value shall be reduced, where appropriate, by the amount of depreciations provided for in the regulations, taking into account, in all cases, the minimum depreciation.

2. The purchase value referred to in the previous section shall be updated by applying the coefficients that are approved by regulation, taking into account mainly the evolution of the consumer price index produced since the date of the purchase of capital assets and the estimated evolution for the financial year of their transfer. The coefficients shall be applied as follows:
 - a) On the amounts referred to in points (a) and (b) of the previous section, according to the year in which they were paid.
 - b) On the depreciations, according to the year to which they correspond.
3. The transfer value shall be the actual amount for which the disposal was carried out. The expenses and taxes referred to in section 1(b) above shall be deducted from this value insofar as they are paid by the transferor.

The actual amount of the disposal value shall be taken to be the amount actually paid, provided that it is not lower than the normal market value, in which case the latter shall prevail.

Article 46. Transfers for gain.

When the purchase or transfer has been for gain, the rules of the previous Article shall apply, taking as the real amount of the respective values those resulting from the application of the rules of Inheritance and Gift Tax.

In lucrative acquisitions by succession with present effectiveness referred to in Article 41(2)(b) of this Provincial Regulation, the purchase value of the assets for the purposes of future transfers shall be taken to be that which they had at the time the assets were handed over by the donor to the donee, unless the donee transfers the same assets before the death of the donor, in which case the donee shall be subrogated, in respect of the values and dates of purchase of the said assets, to the position of the donor, retaining those held by the latter prior to the succession agreement with present effectiveness.

In the acquisitions referred to in Article 41(2)(c)(d)(f) of this Provincial Regulation, which are lucrative, the donee shall be subrogated, in respect of the values and dates of purchase of the said assets, to the position of the donor.

Article 47. Specific valuation rules.

1. When the change in the value of the assets arises from:

- a) From the transfer for valuable consideration of securities admitted to trading on any of the regulated securities markets defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, and representative of the participation in the equity of companies or entities, the gain or loss shall be computed as the difference between their purchase value and the transfer value, determined by their listing on those markets on the date on which the former occurs or by the agreed price when it is higher than the listing.

See the twenty-fourth supplementary provision "Optional taxation system for equity gains deriving from securities admitted to trading" of this Provincial Regulation.

The amount obtained from the transfer of subscription rights from these securities shall be considered as a capital gain for the transferor in the tax period in which the transfer takes place.

In the case of partially paid-up shares, their purchase value shall be the amount actually paid by the taxpayer.

In the case of fully paid-up shares, the purchase value of both the shares and the shares shall be calculated by dividing the total cost by the number of shares, both old and paid-up, as appropriate.

- b) On the transfer for valuable consideration of securities not admitted to trading on any of the regulated securities markets defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and representing the equity of companies or entities, the gain or loss shall be calculated as the difference between the purchase value and the transfer value.

Unless it is proved that the amount actually paid corresponds to the amount which would have been agreed upon by independent parties under normal market conditions, the transfer value may not be less than the greater of the following two values:

- The value of the net assets corresponding to the securities transferred resulting from the balance sheet corresponding to the last financial year closed prior to the date of accrual of the tax.

- The result of capitalising at the rate of 20% the average of the results of the three financial years closed prior to the date of accrual of the tax. For the latter purpose, dividends distributed and allocations to reserves, excluding those for regularisation or balance sheet revaluation, shall be taken into account as profits.

The transfer value thus calculated shall be taken into account to determine the purchase value of the securities or holdings corresponding to the acquirer. The amount obtained from the transfer of subscription rights from these securities or holdings shall be treated as a capital gain for the transferor in the tax period in which the transfer takes place.

In the case of partially paid-up shares, their purchase value shall be the amount actually paid by the taxpayer.

In the case of fully paid-up shares, the purchase value, both of these and of any shares which may be released, shall be calculated by dividing the total cost by the corresponding number of shares, both old and released.

In the case of the transfer of worker owned shares or holdings in worker owned companies, the transfer value will be that which appears in the company contracts, company contracts or contracts with the company, provided that the transfer is actually carried out at the prices stipulated therein.

- c) On the transfer of securities or shares in the capital of asset-holding companies, the gain or loss will be calculated in accordance with the provisions of section 2 of the fifth supplementary provision of the Provincial Corporation Tax Regulation.
- d) On the transfer or redemption for valuable consideration of shares or holdings representing the capital or assets of collective investment institutions, the capital gain or loss shall be calculated as the difference between their purchase value and the transfer value, determined by the net asset value applicable on the date on which the said transfer or redemption takes place or, failing this, by the last published net asset value. Where there is no net asset value, the value of the net assets corresponding to the shares or units transferred resulting from the balance sheet corresponding to the last financial year closed prior to the date on which the tax accrued shall be taken.

In cases other than the redemption of units, the transfer value thus calculated may not be less than the higher of the following two:

- The price actually agreed in the transfer.
- The listed price on official secondary securities markets as defined in Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and, in particular, on organised securities trading systems authorised under the provisions of Article 43(4) of the Consolidated Text of the Securities Market Law approved by Royal Legislative Decree 4/2015 of 23 October 2015, on the date of the transfer.

For the purposes of determining the purchase value, the provisions of section 1(a) shall apply, where applicable.

Notwithstanding the provisions of the preceding paragraphs, in the case of transfers of units in listed investment funds referred to in Article 79 of the Regulations of Law 35/2003 of 4 November on Collective Investment Undertakings, approved by Royal Decree 1,082/2012 of 13 July, carried out on a stock exchange, the transfer value shall be determined in accordance with the provisions of this section 1(a).

e) In the case of non-monetary contributions to companies, the gain or loss shall be determined by the difference between the purchase value of the assets or rights contributed and the higher of the following amounts:

- One: The nominal value of the shares or units received for the contribution or, where applicable, the corresponding part thereof. The amount of the issue premiums shall be added to this value.
- Two: The quotation value of the securities received, on the day on which the contribution is formalised or the immediately preceding day.
- Three: The market value of the asset or right contributed.

The transfer value thus calculated shall be taken into account to determine the purchase value of the securities received as a result of the non-monetary contribution.

f) In cases of separation of partners or dissolution of companies, the difference between the value of the share in the company's liquidation or the market value of the assets received and the purchase value of the corresponding security or capital share shall be considered as a capital gain or loss, without prejudice to those corresponding to the company.

In the event of spin-off, merger or takeover of companies, the taxpayer's capital gain or loss shall be calculated as the difference between the purchase value of the securities, rights or securities representing the shareholder's interest and the market value of the securities, cash or rights received or the market value of those delivered.

g) In the case of a transfer, the capital gain shall accrue to the transferor in the amount to which he is entitled in the transfer.

Where the right of transfer has been purchased by means of a price, this shall be considered as the purchase value.

h) In the case of compensation or capital insured for losses or losses in assets, the difference between the amount received and the proportional part of the purchase value corresponding to the damage shall be computed as a capital gain or loss. When the compensation is not in cash, the difference between the market value of the goods, rights or services received and the proportional part of the purchase value corresponding to the damage shall be computed. A capital gain shall only be computed when it results in an increase in the value of the taxpayer's assets.

i) From the exchange of goods or rights, including the exchange of securities, the capital gain or loss shall be determined by the difference between the purchase value of the good or right that is transferred and the higher of the following two:

- The market value of the asset or right given up.
- The market value of the asset or right received in exchange.

j) In the case of termination of annuities or temporary annuities, the capital gain or loss shall be calculated, for the person liable to pay them, as the difference between the purchase value of the capital received and the sum of the annuities actually paid.

k) In the case of transfers of capital assets in exchange for a temporary or life annuity, the capital gain or loss shall be determined by the difference between the actuarial present financial value of the annuity and the purchase value of the assets transferred.

- l) When the holder of a right in rem of enjoyment of immovable property transfers it, or when it is terminated, for the calculation of the capital gain or loss, the actual amount referred to in Article 45(1)(a) of this Provincial Regulation shall be reduced in proportion to the time during which they have held the right in question.
- m) In the incorporation of assets or rights which do not derive from a transfer, the market value of those assets or rights shall be computed as capital gain.
- n) In transactions carried out on the futures and options markets regulated by

Royal Decree 1282/2010, of 15 October, the return obtained shall be considered as a capital gain or loss when the transaction does not involve the hedging of a main transaction entered into in the course of the business activities carried out by the taxpayer, in which case they shall be taxed in accordance with the provisions of Chapter III of this Title.

- ñ) On the disposal of property originating from or belonging to the marriage subject to the provincial communication of property. If an asset originating from a spouse under the provincial communication system is transferred during the marriage, the gain or loss shall be computed for the difference between its purchase value and the transfer value in the income of the spouse who owns the asset.

If an asset originating from the pre-deceased spouse, in virtue of the provincial communication, is awarded to the other spouse on dissolution of the marriage, when the latter transfers it, the purchase value for calculating the capital gain or loss shall be that at the time of its purchase by the pre-deceased spouse or that of the celebration of the marriage, if this is later.

The same treatment shall apply to common-law partners in cases where the economic system of the common-law partners is that of provincial communication.

- o) Of the disposal of assets that have belonged to the inheritance pending the exercise of a testamentary power of attorney. In this case, the value of the asset at the time when the testamentary power of attorney is exercised with respect to the asset in question shall be taken as the purchase value for calculating the capital gain or loss.
 - p) For the transfer for consideration of fungible crypto assets, the gain or loss shall be calculated as the difference between their acquisition value and their transfer value, determined by the reference value set as a result of supply and demand in the market at the time of the transfer, or by the agreed price, when this is higher than the reference value.
2. For the purposes of the provisions of points a), b), c), d) and p) of the previous section, and of those lucrative transfers of the same assets specified in the aforementioned points, when there are homogeneous securities or fungible crypto assets of the same type, those transferred by the taxpayer shall be considered to be those that they acquired first.

In the case of fully paid-up shares, the age of the shares shall be deemed to be that which corresponds to the shares from which they derive.

For the purposes established in this Provincial Regulation, fungible crypto assets of the same type shall be considered to be units or fractions of units originating from the same computer protocol and having the same characteristics.

- 3. The provisions of section 1(e)(f)(i) of this Article shall be understood without prejudice to the provisions of Chapter VII of Title VI of the Provincial Corporation Tax Regulation.

4. When the change in the value of the assets arises from the provisions of section 1(a) of this Article, the taxpayer may apply the provisions of the Twenty-fourth Supplementary Provision of this Provincial Regulation.
5. In the event that the taxpayer obtains a capital loss as a result of the transfer referred to in Article 42(g) of this Provincial Regulation and the same derives from an arrangement with creditors or other cases of liquidation of the entity, the negative balance remaining after applying the provisions of Article 66(1)(b) of this Provincial Regulation, corresponding to the same may be offset against the positive balance resulting from the income provided for in point (a) of the same section.

If the result of the previous integration and offsetting produces a negative balance, its amount may be offset against the positive balance resulting from the sum of the income provided for in Article 65(a)(b) of this Provincial Regulation, obtained in the same tax period, up to a limit of 25% of the said positive balance.

If, after such offsets, a negative balance corresponding to the capital loss remains, its amount shall be compensated, in the following four years, following the same order as provided in this section.

The offsetting shall be carried out to the maximum amount permitted in each of the following financial years and may not be carried out outside the four-year period, by accumulation with the equity losses of subsequent financial years.

Article 48. Reinvestment in cases of transfer of shares or holdings in collective investment institutions.

1. When the amount obtained as a result of the redemption or transfer of units or shares in collective investment undertakings is used, in accordance with the procedure established by regulations, for the purchase or subscription of other shares or units in collective investment undertakings, the capital gain or loss shall not be taken into account, and the new shares or units subscribed for shall retain the value and the date of purchase of the shares or units transferred or redeemed, in the following cases:
 - a) In redemptions of participations in collective investment institutions that have the status of investment funds.
 - b) On transfers of shares in collective investment undertakings in corporate form, provided that both of the following conditions are met:
 - That the number of partners of the collective investment institution whose shares are transferred exceeds 500.
 - That the taxpayer has not, at any time within the twelve months prior to the date of the transfer, held more than 5% of the capital of the collective investment undertaking.

The system provided for in this section shall not apply when, by whatever means, the amount deriving from the redemption or transfer of the shares or units of collective investment undertakings is placed at the disposal of the taxpayer. Nor shall the aforesaid system be applicable when the transfer or redemption or, where applicable, the subscription or purchase is for units representing the assets of collective investment undertakings referred to in this Article which are considered listed investment funds or shares in companies of the same type, in accordance with the provisions of Article 79 of the Regulations of Law 35/2003, of 4 November, on Collective Investment Undertakings, approved by Royal Decree 1082/2012, of 13 July.

2. The system provided for in the previous section shall be applicable to partners or participants in collective investment undertakings, regulated by Directive 2009/65/EC of the

European Parliament and of the Council of 13 June 2009, coordinating the laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, other than those provided for in Article 52 of this Provincial Regulation, incorporated and domiciled in a Member State of the European Union and registered in the special register of the National Securities Market Commission, for the purposes of their marketing by entities resident in Spain.

For the application of the provisions of the preceding section, the following requirements shall apply:

- a) The purchase, subscription, transfer and redemption of shares and units of collective investment institutions shall be carried out through marketing entities registered with the National Securities Market Commission.
 - b) In the event that the collective investment undertaking is structured in compartments or sub-funds, the number of partners and the maximum percentage of participation provided for in section 1(b) above shall be understood to refer to each compartment or sub-fund marketed.
 - c) That the redemption or transfer or, as the case may be, subscription or purchase, does not involve units or shares in collective investment undertakings similar to the listed investment funds or companies of the same type provided for in Article 79 of the Regulations implementing Law 35/2003, whatever the regulated market or multilateral trading system on which they are listed and whatever the composition of the index they replicate, replicate or take as a reference.
3. The determination of the number of members and the maximum percentage holding in the capital of collective investment undertakings shall be carried out in accordance with the procedure established by regulation. For these purposes, information relating to the number of partners, their identity and their percentage shareholding shall not be considered a relevant fact.
 4. The provisions of this Article shall also apply in relation to shareholdings in European Funds for the promotion of innovation, in European Funds for the promotion of the financing of economic activity or in European Funds for the promotion of productive capitalisation that meet the requirements set out in Articles 4, 5 or 6 of Provincial Regulation 02/2018 of 21 March.

Article 49. Reinvestment in cases of transfer of habitual residence.

1. Capital gains obtained from the transfer of the taxpayer's habitual residence may be excluded from taxation, provided that there are circumstances that justify the change of residence and the amount obtained from the transfer is reinvested in the acquisition of a new habitual residence under the conditions determined by the corresponding regulations.

Circumstances that justify the change of residence shall be considered to be: the unsuitability of the transferred residence for the family needs of the taxpayer or persons living with them, a job transfer or the obtaining of first or new employment, marriage or the establishment of a registered domestic partnership, and marital separation or termination of the registered domestic partnerships, economic circumstances that prevent payment for the home or other similar circumstances.

Other circumstances may be established by the corresponding regulations, other than those listed in the previous paragraph.

2. When the amount reinvested is less than the total amount received in the transfer, only the proportional part of the capital gain obtained corresponding to the amount reinvested will be excluded from taxation.

3. The provisions of the preceding sections shall also apply to equity gains obtained on the transfer of the family home that had been considered the taxpayer's habitual residence at a time prior to such transfer, when the taxpayer has ceased to reside therein as a result of a court decision in a marital separation or termination of the common-law partnership.

The application of the provisions of this section shall be subject to the condition that the family home being transferred constitutes the habitual residence of the former spouse or common-law partner of the taxpayer and, where applicable, of the common descendants, under the terms established by regulation, provided that these give entitlement to the deduction referred to in Article 79 of this Provincial Regulation.

Article 50. Unjustified equity gains.

1. Assets or rights whose possession, declaration or purchase does not correspond to the income or wealth declared by the taxpayer, as well as the inclusion of non-existent debts in any declaration for this Tax or for Wealth Tax, or their entry in official books or registers, shall be considered as unjustified equity gains.
2. Unjustified equity gains shall be included in the general tax base for the tax period with respect to which they are discovered, unless the taxpayer sufficiently proves that he has been the owner of the corresponding assets or rights since a date included in a prescribed tax period or, with respect to which the exercise of the tax authority's power to determine the tax liability by means of the appropriate assessment has lapsed.
3. ...
4. ...

CHAPTER VI IMPUTATION AND ATTRIBUTION OF INCOME

SECTION 1 IMPUTATION OF INCOME

Article 51. Imputation of income under the international tax transparency system.

1. Taxpayers shall allocate the positive income obtained by a non-resident entity in Spanish territory, insofar as such income belongs to one of the classes envisaged in section 2 of this Article and the following circumstances are met:
 - a) That on their own or jointly with related entities as provided for in Article 42(3) of the Provincial Corporation Tax Regulation, or with other taxpayers linked by kinship, including the spouse or common-law partner, in direct or collateral line, by blood, by affinity or by that resulting from the constitution of the domestic partnership, up to and including the second degree, have an interest equal to or greater than 50% in the capital, equity, results or voting rights of the non-resident entity in Spanish territory, on the date of the closure of the financial year of the latter.

The amount of positive income to be included shall be determined in proportion to the share in the results and, failing this, to the share in the capital, equity or voting rights of the entity.

- b) That the amount paid by the non-resident entity in Spanish territory, attributable to any of the types of income envisaged in section 2 below, due to taxation of an identical or analogous nature to Corporation Tax, is less than the difference between the amount that would have corresponded to it under the rules of the aforesaid tax and the amount actually paid by the non-resident entity.

2. Taxpayers shall allocate the total income obtained by the non-resident entity in Spanish territory, when the latter does not have the corresponding organisation of material and personal resources to carry it out, even if the transactions are of a recurring nature. However, in the case of dividends, shares in profits or income derived from the transfer of holdings, the provisions of the last three paragraphs of this section shall in any case be complied with.

Total income shall be understood to be the amount of the taxable income resulting from applying the criteria and principles established in the Provincial Corporation Tax Regulation and in the other provisions relating to the said tax for the determination thereof.

The provisions of the two preceding paragraphs shall not apply when the taxpayer proves that the aforesaid operations are carried out with the material and personal resources existing in a non-resident entity in Spanish territory belonging to the same group, within the meaning of Article 42 of the Commercial Code, irrespective of its residence and the obligation to prepare consolidated annual accounts, or that its incorporation and operation respond to valid economic reasons.

In the event that the provisions of the first two paragraphs of this section are not applied because the circumstances provided therein do not apply or because of the application of the provisions of the previous paragraph, only the positive income from each of the following sources shall be imputed:

- a) Ownership of rural and urban real estate or rights in rem which rest on the same, unless they are assigned to an economic activity under the provisions of this Provincial Regulation, or assigned in use to non-resident entities, belonging to the same group of corporations as the owner, within the meaning of Article 42 of the Code of Commerce, regardless of their residence and the obligation to draw up consolidated annual accounts, and likewise assigned to an economic activity.
- b) Participation in the equity of any type of entity and transfer of equity to third parties, under the terms provided for in Articles 34 and 35 of this Provincial Regulation. Positive income deriving from the following financial assets shall not be understood to be included in this point:
 - a') Those held to comply with legal and regulatory obligations arising from the pursuit of business activities.
 - b') Those that incorporate credit rights arising from contractual relations established as a consequence of the pursuit of business activities.
 - c') Those held as a consequence of the exercise of intermediation activities in official securities markets.
 - d') Those held by credit institutions and insurance companies as a consequence of the exercise of their activities, without prejudice to the provisions of point i) below.

Positive income derived from the transfer to third parties of equity shall be deemed to derive from the performance of credit and financial activities referred to in point (i) below, where the transferor and the transferee belong to a group of corporations within the meaning of Article 42 of the Commercial Code, irrespective of their residence and of the obligation to draw up consolidated annual accounts, and where at least 85% of the income of the transferee derives from the pursuit of business activities.

- c) Transactions in goods and services carried out by related persons or entities within the meaning of section 3 of Article 42(3) of the Provincial Corporation Tax Regulation, in which the non-resident entity or the permanent establishment adds little or no economic value.

- d) Capitalisation and insurance transactions in which the entity itself is the beneficiary.
- e) Industrial and intellectual property, technical assistance, movable property, image rights and leasing or subleasing of businesses or mines, under the terms established in Article 37 of this Provincial Regulation.
- f) Derivative financial instruments, except those designated to hedge a specifically identified risk arising from the performance of business activities.
- g) Transfer of the assets and rights referred to in points (a)(b)(d) and (e) above which generate income.
- h) Insurance activities, credit activities, financial leasing operations and other financial activities, except in the case of income obtained in the pursuit of business activities, without prejudice to the provisions of point i) below.
- i) Credit, financial, insurance and service provision activities, except those directly related to export activities, carried out, directly or indirectly, with persons or entities resident in Spanish territory and related within the meaning of Article 42(3) of the Provincial Corporation Tax Regulation, insofar as they determine tax-deductible expenses in these resident entities.

The positive income provided for in this point shall not be included when more than 50% of the income derives from credit, financial, insurance or service provision activities, except those directly related to export activities, carried out by the non-resident entity derived from transactions carried out with unrelated persons or entities within the meaning of Article 42(3) of the Provincial Corporation Tax Regulation.

The income provided for in points (b) and (g) above, obtained by the non-resident entity insofar as it comes from or derives from securities of entities in which it has a direct or indirect holding of more than 5%, or 3% if the shares of the investee company are listed on an organised secondary market, shall not be included when the following two requirements are met:

- One: That the non-resident entity directs and manages the holdings by means of a corresponding organisation of material and personal means, as well as that it is actually established in the State of its residence and that the structure is not of a purely artificial nature, in the terms provided in section 12 below.
- Two: That the income of the entities from which the income is obtained derives, at least 85%, from the pursuit of business activities.

For these purposes, the income provided for in b) and g) above which originates from entities which meet the second requirement above and which are directly or indirectly more than 5% owned, or 3% if the shares of the investee company are listed on an organised secondary market, shall be deemed to derive from the pursuit of business activities.

In the case of entities forming part of the same group of corporations according to the criteria established in Article 42 of the Commercial Code, irrespective of residence and the obligation to prepare consolidated annual accounts, the requirements relating to the percentage of shareholding, as well as the existence of a management and administration of the shareholding, shall be determined taking into account all those forming part of the same.

3. The income provided for in the previous section of this Article shall not be included when the sum of the amounts thereof is less than 15% of the total income obtained by the non-resident entity.

The provisions of this section shall not apply to the income which must be included on the basis of the provisions of section 2 (i) above, without prejudice to their being taken into consideration for the purposes of determining the sum referred to in the previous paragraph.

The tax or taxes of an identical or similar nature to corporation tax actually paid by the non-resident company on the part of the income to be included shall not be imputed to the taxable income of the taxpayer.

The positive income from each of the sources mentioned in section 2 shall be imputed to the general tax base, under the provisions of Article 62 of this Provincial Regulation.

4. The taxpayers included in section 1(a) who participate directly in the non-resident entity or indirectly through another or other non-resident entities shall be obliged to make the corresponding imputation. In the latter case, the amount of the positive income shall be that corresponding to the indirect participation.
5. The imputation will be made in the tax period that includes the day on which the non-resident entity in Spanish territory has completed its financial year, which, for these purposes, may not be understood to last more than twelve months.
6. The amount of positive income to be included in the tax base shall be calculated in accordance with the principles and criteria established for the determination of the tax base for corporation tax.

For these purposes, the exchange rate in force at the end of the financial year of the non-resident entity in Spanish territory shall be used.

In no case will an amount greater than the total income of the non-resident entity be imputed.

7. Dividends or shares in profits shall not be imputed to the extent of the positive income that has been imputed. The same treatment applies to interim dividends.

In the case of distribution of reserves, the designation contained in the corporate resolution shall be taken into account and the last amounts paid to such reserves shall be deemed to have been applied.

The same positive income may only be imputed once, irrespective of the form and the entity in which it is expressed.

8. The tax or levy actually paid abroad on the distribution of dividends or shares in profits, whether under a double taxation convention or under the domestic law of the country or territory concerned, shall be deductible from the total tax liability in respect of the part corresponding to the positive income included in the tax base.

This deduction shall be made even if the taxes relate to tax periods other than the one in which the inclusion was made. In no case shall taxes paid in countries or territories considered as tax havens be deducted.

This deduction may not exceed the full amount that would be payable on the positive income imputed in the tax base.

9. To calculate the income derived from the transfer of the direct or indirect shareholding, the rules contained in Article 47(1)(c) of this Provincial Regulation shall be used in relation to the positive income imputed to the tax base. The social benefits referred to in the aforesaid provision shall be those corresponding to the positive income imputed.

10. Taxpayers to whom the provisions of this Article are applicable shall submit the following data relating to the non-resident entity in Spanish territory together with the tax return for this tax:
- a) Name or company name and place of registered office.
 - b) List of directors.
 - c) Balance sheet and profit and loss account.
 - d) Amount of positive income to be imputed.
 - e) Justification of the taxes paid in respect of the positive income to be imputed.

11. When the investee is resident in a country or territory considered to be a tax haven or non-taxable territory, it shall be presumed that:

- a) The circumstance provided for in section 1(b) above is met.
- b) The income obtained by the investee is derived from the sources of income referred to in section 2 above.
- c) The income obtained by the investee is 15% of the purchase value of the holding.

The presumptions contained in the preceding paragraphs shall be rebuttable. The presumptions contained in the preceding letters shall not apply when the investee entity consolidates its accounts, under the provisions of Article 42 of the Commercial Code, with one or more of the entities required to be included.

12. When the investee is a resident of another Member State of the European Union or is part of the European Economic Area Agreement, and is not in the cases referred to in section 11 of this Article, the taxpayer may avoid the application of the provisions of this Article if he proves that the investee is actually established in the State of his residence and the structure is not of a purely artificial nature with the aim of reducing corporation tax. For this purpose, it must prove that the transactions carried out which have the effect of reducing the tax liability of the taxpayer relate to services actually carried out in the State of residence and that they are not of no economic interest in relation to the taxpayer's activity.

In particular, to demonstrate that there is no purely artificial construction, the taxpayer shall provide objective evidence of the level of physical presence of the investee company in the State of residence, the actual substance of the activity provided by the investee company and the economic value of the activity of the investee company in relation to that of the taxpayer and the group as a whole.

13. The provisions of this Article shall also not apply when the non-resident entity is resident in another Member State of the European Union or is a party to the European Economic Area Agreement, provided that it is a collective investment undertaking governed by Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, other than those provided for in Article 81 of the Provincial Corporation Tax Law, incorporated and domiciled in a Member State of the European Union.
14. The provisions of this Article shall be without prejudice to the provisions of international treaties and conventions which have become part of domestic law.
15. For the purposes of this Article, the group of corporations referred to in Article 42 of the Commercial Code shall be understood to include jointly controlled entities and associates under the terms of commercial legislation.

Article 52. Taxation of participant or participants in collective investment undertakings incorporated in countries or territories considered to be tax havens.

1. Taxpayers who participate in collective investment undertakings incorporated in countries or territories considered as tax havens will impute to the general tax base the positive difference between the net asset value of the participation on the closing date of the tax period and its purchase value.

The amount imputed will be considered as the higher purchase value.

2. Profits distributed by such collective investment undertakings shall not be imputed and shall reduce the purchase value of the holding.
3. It shall be presumed, in the absence of proof to the contrary, that the difference referred to in section 1 above is 15% of the purchase value of the share or holding.
4. The income derived from the transfer or redemption of the shares or holdings shall be determined under the provisions of Article 47(1)(d) of this Provincial Regulation, the purchase value to be taken for these purposes being that resulting from the application of the provisions of the preceding sections.

**SECTION 2
ATTRIBUTION OF INCOME**

Article 53. Entities under the income attribution system.

The entities referred to in Article 11 of this Provincial Regulation, in particular, entities incorporated abroad, whose legal nature is identical or analogous to that of the entities in income attribution system incorporated under Spanish law, shall be deemed to be entities in attribution of income.

The income corresponding to entities under the income attribution system shall be attributed to the partners, heirs, co-owners or participants, respectively, under the provisions of this Section.

The provisions of this section shall not apply to partners of the civil companies referred to in the Thirty-fourth Supplementary Provision of this Provincial Regulation.

Article 54. Qualification of attributed income.

The income of the entities under the income attribution system attributed to the partners, heirs, co-owners or unit-holders shall have the nature derived from the activity or source from which it derives for each of them.

When an entity under the income attribution system carries out an economic activity, the income corresponding to that activity shall be of the same nature for the partners, heirs, co-proprietors or participants of the entity who are habitually, personally and directly involved in the management on their own account of the means of production and human resources assigned to the activity.

However, the income attributed shall be treated as income from capital for partners, heirs, co-owners or participants who do not carry out the aforesaid intervention and their participation in the entity is limited to the mere contribution of capital. In this case, the attributable income shall be deemed to be a maximum of 15% of the capital contributed.

Article 55. Calculation of attributable income and payments on account.

1. The following rules shall apply for the calculation of the income to be attributed to each of the partners, heirs, co-owners or participants:

1. The income shall be determined under the rules of this Tax, and the integration percentages provided for in Articles 25(4), 30(3) and 39(3) of this Provincial Regulation shall not be applicable, with the following special features:
 - a) The attribution of income shall be determined in accordance with the provisions of the Corporate Income Tax regulations when all the members of the entity under the income attribution system are taxpayers of said Tax or taxpayers of Non-Resident Income Tax with a permanent establishment, provided that in the first case they are not considered to be asset-holding companies.
 - b) The determination of the income attributable to non-resident income taxpayers without a permanent establishment shall be carried out under the provisions of Chapter IV of the Provincial Regulation on Non-Resident Income Tax.
 - c) For the calculation of the attribution of income to the members of the entity under the income attribution system, who are corporate income taxpayers or non-resident income tax payers with a permanent establishment or without a permanent establishment who are not individuals, from equity gains deriving from the transfer of items not assigned to the pursuit of business activities, the provisions of the first transitional arrangements of this Provincial Regulation shall not be applicable.
2. The part of income attributable to partners, heirs, co-owners or participants, taxpayers for this Tax or for Corporation Tax, who form part of an entity under the income attribution system constituted abroad, shall be determined under the provisions of rule 1 above.
3. When the entity under the income attribution system obtains foreign source income from a country with which Spain has not signed a double taxation avoidance agreement with an exchange of information clause, the negative income in excess of the positive income obtained in the same country and from the same source shall not be computed.

The excess shall be computed in the following four years under the provisions of this rule 3.

2. Income paid or paid to entities under the income attribution system, regardless of whether all or any of their members are taxpayers under this tax, shall be subject to withholding or payment on account, under the rules of this Tax, Corporate Income Tax or Non-Resident Income Tax. This withholding or payment on account shall be deducted from the personal taxation of the partner, heir, co-owner or participant, in the same proportion in which the income is attributed.
3. The income shall be attributed to the partners, heirs, co-owners or participants under the rules or agreements applicable in each case and, if these are not reliably recorded by the tax authorities, they shall be attributed in equal shares.
4. The members of the entity under the income attribution system who are taxpayers for this tax may apply, in their self-assessment, the integration percentages provided for in Articles 25(4), 30(3) and 39(3) of this Provincial Regulation.
5. Corporate Income Tax and Non-Resident Income Tax taxpayers with a permanent establishment who are members of an entity under the income attribution system which acquires shares or units in collective investment institutions shall include in their taxable income the amount of income recorded or to be recorded from the aforesaid shares or participations. They shall also include in their tax base the amount of income from the transfer to third parties of equity accrued in favour of the entity under the income attribution system.

Article 56. Reporting obligations of entities under the income attribution system.

1. Entities under the income attribution system must file an information return, with the content established by regulations, relating to the income to be attributed to their partners, heirs, co-owners or participants, whether or not resident in Spanish territory.
2. The reporting obligations referred to in the previous section shall be fulfilled by whoever is considered to be the representative of the entity under the income attribution system, in accordance with the provisions of Article 44(3) of the General Tax Regulations of the Historical Territory of Bizkaia, or by its members who are taxpayers for this Tax or for Corporation Tax in the case of entities incorporated abroad.
3. Entities under the income attribution system must notify their members, heirs, co-owners or participants of the total income of the entity and the income attributable to each of them under the terms established by regulation.
4. The Provincial Councillor for the Treasury and Finance shall establish the model, as well as the deadline, place and form of presentation of the information return referred to in this Article.
5. Entities under the income attribution system. that do not carry out business activities and whose income does not exceed 3,000 Euros per year shall not be obliged to file the information return referred to in section 1 of this Article.

CHAPTER VI A SPECIAL SYSTEMS

Article 56 bis. Special system for posted workers.

1. Individuals who acquire their tax residence in Bizkaia as a result of moving to Spanish territory may opt to pay tax in accordance with the special system provided for in this Article during the tax period in which the change of residence takes place and for the following ten tax periods, when, under the terms and subject to the requirements and conditions established by regulation, the following conditions are met:
 - a) That the move to Spanish territory takes place for the performance of specially qualified work, related, directly and principally, to research and development, scientific, technical or financial, organisational, management, economic-financial control or commercial activities.
 - b) They have not been a tax resident in Spain during the 5 years prior to that in which they acquire tax residence as a result of their move to Spanish territory. In any case, they must have remained abroad for a minimum period of 5 years, counted from date to date.
 - c) This posting must be the result of an employment contract. This condition will be deemed to be fulfilled when an ordinary or special employment or statutory relationship is entered into with an employer in Spain, or when the posting is ordered by the employer and there is a posting point, and the taxpayer does not obtain income that would be classified as being obtained through a permanent establishment located in Spanish territory.
 - d) That the work is actually carried out in Spain. This condition shall be deemed to be met even if part of the work is carried out abroad, provided that the sum of the payments corresponding to the aforesaid work, whether or not they are considered as income obtained in Spanish territory under Article 13(1)(c) of the Consolidated Text of the Non-Resident Income Tax Law, does not exceed 15% of all the consideration for the work received in each calendar year. When, in virtue of the provisions of the employment contract, the taxpayer assumes duties in another company of the group, under the

terms established in Article 42 of the Commercial Code, outside Spanish territory, the above limit shall be increased to 30%.

When the amount of the specific remuneration corresponding to the work carried out abroad cannot be accredited, for the calculation of the remuneration corresponding to such work, the days that the worker has actually been abroad shall be taken into consideration.

- e) Such work must be carried out for a company or entity resident in Spain or for a permanent establishment located in Spain of an entity not resident in Spanish territory. This condition shall be deemed to be fulfilled when the services are

for the benefit of a company or entity resident in Spain or of a permanent establishment located in Spain of an entity not resident in Spanish territory. In the event that the posting has taken place within a group of companies, in the terms established in Article 42 of the Commercial Code, and exclusively for these purposes, it will be necessary for the worker to be hired by the company of the group resident in Spain or for a posting to Spanish territory to be ordered by the employer.

2. Taxpayers who opt for the taxation system established in this Article shall determine the tax liability under the provisions of this Provincial Regulation and with the following special features.

- a) 30% of the full income derived from the employment relationship defined in section 1 above shall be exempt.
- b) Once the exemption referred to in the previous point has been applied, for the purposes of determining the net income from personal work, any other expenses arising as a result of the posting shall be considered deductible expenditure in addition to those provided for in Article 22 of this Provincial Regulation, up to a limit of 20% of the full income obtained in the performance of the aforesaid job.

The application of this expenditure, which shall be determined by regulation, shall be subject, in all cases, to documentary justification of the same.

In the event that the employer pays amounts to meet the additional expenses referred to in this point (b), these amounts shall not be considered as remuneration in kind, up to a limit of 20% of the total income obtained in the performance of the aforesaid job.

- c) Income derived from assets owned by the taxpayer located abroad shall be exempt provided that such income has been effectively taxed by a tax of an identical or similar nature to this tax and it is not a country or territory considered as a tax haven or non-taxable under the terms established in Supplementary Provision twenty-four of the General Tax Regulations of the Historical Territory of Bizkaia.

Taxpayers who apply the exemption provided for in this point shall not be entitled to the application of the deduction provided for in Article 92 of this Provincial Regulation for the same income.

- d) The provisions of point (c) above shall also apply to the spouse or unmarried partner and to the members of the family unit of the taxpayer opting for this special system who acquire their tax residence in Bizkaia as a result of the move and have not been resident in Spain during the 5 years prior to their move to Spanish territory.
3. The system provided for in this Article shall be applied independently of the employee's corresponding Social Security system, and where the employee is not covered by the general system, the functions equivalent to those corresponding to the aforesaid scheme shall apply.

For these purposes, the system shall be applicable to the entrepreneurs referred to in Article 56 quater (3) of this Provincial Regulation who carry out the economic activity or who have shares or hold shares in the capital of the entity through which they carry it out, when the activity is carried out through a legal entity.

4. The tax treatment provided for in this Article shall also apply to taxpayers who carry out business activities on their own account, including those referred to in Article 56 quater(3) of this Provincial Regulation, or when the income they obtain therefrom is considered to be income from business activities under the provisions of this Provincial Regulation, provided that the requirements established in section 1 of this Article are met.

In this case, the percentages referred to in section 2(a)(b) of this Article shall be applied to the net income from business activities calculated in accordance with the provisions of Articles 25 and 27 of this Provincial Regulation, and they may not use the simplified form of the direct assessment method to determine the corresponding income from business activities.

Likewise, in the cases referred to in this section, it shall not be necessary to comply with the requirements established in section 1(c)(e) of this Article.

5. For the purposes of the provisions of Article 105 of this Provincial Regulation, the application of the provisions of the previous section shall be considered as an option to be exercised with the filing of the return. The option exercised for a tax period may not be modified once the voluntary tax return period has ended.

Article 56 ter. Income from work obtained from the management of funds linked to entrepreneurship, innovation and the development of economic activity.

1. Income from work derived from participations, shares or other rights conferring special economic rights in any type of Alternative Investment Fund as defined in Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011, on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010, whatever their legal form or nature, obtained by the persons who are administrators, managers or employees of such entities or of their management entities or entities of their group.
2. The income referred to in the previous section shall be included in the taxable base at 50% of its amount when the following requirements are met:
 - a) The special economic rights of such units, shares or rights are conditional upon the remaining investors in the alternative investment undertaking obtaining a guaranteed minimum return as defined in the rules or statutes of the alternative investment undertaking.
 - b) The units or special rights must be held for a minimum period of five years, unless they are liquidated early or lapse or are lost in whole or in part as a result of a change of management entity, in which case they must have been held continuously until such circumstances arise.

The provisions of this point shall apply to the entities referred to in section 1 of this Article in cases where they are holders of the participations, shares or rights.

3. For the purposes of the provisions of Article 105 of this Provincial Regulation, the application in each tax period of the provisions of the previous section shall be considered as an option to be exercised when filing the tax return. The option exercised for a tax period may be modified at a later date once the voluntary tax return period has ended and provided that no prior request has been issued by the tax authorities.

Article 56 quater. Specific remuneration in the field of entrepreneurship.

1. When the entrepreneurs referred to in section 3 of this Article determine that part of the income from work or business activities corresponding to them, or to the persons they have employed in their activity or in the entities referred to in the aforesaid section, is materialised in the delivery of options for the purchase of shares or holdings in the entity or other types of rights of economic content linked to the evolution of the value of the shares or holdings, the aforesaid remuneration will not be considered as income from work or business activities at the time of its recognition.

Instead, when the remuneration referred to in the previous paragraph is payable, the full amount received shall be considered as equity gains and shall be included and offset in the savings tax base in accordance with the provisions of Article 66(1)(b) of this Provincial Regulation.

2. In particular, in the event that the remuneration referred to in the previous section takes the form of the delivery of options for the purchase of shares or holdings in the company, no return shall be computed in accordance with the provisions of section 1 of this Article until such time as the corresponding shares or holdings are transferred, and at that time, they shall have an purchase value of 0 Euros, or, as the case may be, the corresponding value depending on the amount paid for their purchase, for the purposes of calculating the corresponding capital gain and its integration and offsetting in the savings tax base in accordance with the provisions of Article 66(1)(b) of this Provincial Regulation.
3. For the purposes of the provisions of this Article, an entrepreneur is considered to be a taxpayer of this Tax who carries out a new economic activity or who participates, directly or indirectly, in the incorporation of an entity which carries out a new economic activity by acquiring a share in its capital of no less than 10% and is personally involved in the development of the activity through an employment or service provision relationship with the entity.

The participation requirement established in this section is not deemed not to have been met when the shareholding in the capital of the company held by the entrepreneur is reduced below the percentage established in the previous paragraph as a result of subsequent capital increases in subsequent rounds of financing in accordance with the growth of the company's activity, under the terms established in the regulations.

For the purposes of the provisions of this section, in order to determine whether a new economic activity is being carried on, account shall be taken of the provisions of the second paragraph of Article 25(5) and the second and third paragraph of Article 90(1) of this Provincial Regulation.

4. The tax treatment provided for in this Article shall be applicable to stock options or holdings or other types of rights of economic content linked to the evolution of the value of the shares or holdings which are recognised in the first five years of the exercise of the economic activity by the entrepreneurs or from the incorporation of the entities referred to in section 3 of this Article.

CHAPTER VII TEMPORARY IMPUTATION

Article 57. Temporary imputation.

1. In general, the income and expenses which determine the income to be included in the tax base shall be allocated, without prejudice to the provisions of this Provincial Regulation, to the tax period in which the income accrued and the income produced, irrespective of the time at which the corresponding receipts and payments are made. In particular, the following criteria shall apply:

- a) Income from work and from capital shall be attributed to the tax period in which they are payable by the recipient.
- b) Income from business activities shall be attributed in accordance with the provisions of the Provincial Corporation Tax Regulations, without prejudice to any special provisions that may be established in these Provincial Regulations or by law.

However, public aid for the first installation of young farmers provided for in the Spanish National Framework for Rural Development may be imputed in quarters, in the tax period in which they are obtained and in the following three periods.

- c) Equity gains and losses will be attributed to the tax period in which the change in assets takes place.

2. Special rules:

- a) When all or part of an income has not been paid, because the right to receive it or its amount is pending a judicial decision, the unpaid amounts shall be attributed to the tax period in which the decision becomes final.
- b) When, due to justified circumstances not attributable to the taxpayer, the income derived from work is received in tax periods other than those in which it was due, the taxpayer shall allocate it to those periods, without penalty or late payment interest or any surcharge. When the circumstances envisaged in point (a) above are met, the income shall be considered payable in the tax period in which the judicial decision becomes final.

The imputation referred to in the previous paragraph must be made within the period between the date on which they are received and the end of the immediately following tax return period for this tax.

- c) Taxpayers who carry out business activities to which they apply the simplified form of the direct assessment method to determine their net income may opt, for these activities, for the "receipts and payments" criterion to carry out the temporary imputation of income and expenses, provided that the following requirements are met:
 - One: That they do not give rise to any alteration in the tax classification of the income or expenses.
 - Two: That, in no case, do the changes in the criterion of temporary imputation imply that any expense or income remains unaccounted for, and the appropriate regularisation must be carried out prior to the change in the imputation criterion.
 - Three: The imputation criterion must be the same for all income and expenses of the economic activity to which this criterion is applied.

The criterion of receipts and payments for the temporary imputation of income and expenses shall be understood to be approved by the Tax authority by the sole fact of so stating it when filing the information return with the contents of the record book of economic operations and must be maintained for a minimum period of three years.

- d) In the case of instalment or deferred price transactions, the taxpayer may choose to allocate the income obtained in such transactions on a pro rata basis, as and when the corresponding receipts become due.

Transactions in instalments or with a deferred price shall be considered to be those where the price is received, in whole or in part, by successive payments, provided that

the period elapsing between the delivery or making available and the maturity of the last instalment is more than one year.

When the payment of a transaction in instalments or with a deferred price has been instrumented, in whole or in part, by the issue of bills of exchange and these are firmly transferred before their maturity, the income shall be imputed to the tax period of their transfer.

In no case shall transactions arising from life annuity or temporary annuity contracts be treated in this way for the transferor. When assets and rights are transferred in exchange for a life or temporary annuity, the capital gain or loss for the annuitant shall be allocated to the tax period in which the annuity is constituted.

- e) Positive or negative differences occurring in accounts representing balances in foreign currencies or foreign currency, as a result of changes in their prices, shall be allocated at the time of the respective collection or payment.
- f) The estimated income referred to in Article 7 of this Provincial Regulation shall be attributed to the tax period in which it is deemed to have arisen.
- g) The difference between the net asset value of the assets assigned to the policy at the end and at the beginning of the tax period in those life insurance contracts in which the policyholder assumes the investment risk shall be imputed as equity gains referred to in Article 36 of this Provincial Regulation, for each tax period. The amount imputed shall reduce the income derived from the receipt of amounts in these contracts.

This special rule of temporary imputation will not be applicable in those contracts in which any of the following circumstances apply:

- A) The policyholder is not granted the power to modify the investments affected by the policy.
- B) The mathematical provisions are invested in:
 - One: Shares or units of collective investment institutions, predetermined in the contracts, provided that they are collective investment institutions adapted to Law 35/2003, of 4 November, on Collective Investment Institutions, or covered by Directive 2009/65/EEC of the European Parliament and of the Council, of 13 July 2009.
 - Two: Separate pools of assets shown separately on the insurer's balance sheet, provided that the following requirements are met:

The determination of the assets comprising each separate pool of assets must at all times be the responsibility of the insurance undertaking which, for this purpose, shall be entirely free to choose the assets subject only to predetermined general criteria relating to the risk profile of the pool of assets or to other objective circumstances.

The investment of the provisions of each set of assets must be made in assets that comply with the rules established in Article 89 of Royal Decree 1060/2015, of 20 November, on the regulation, supervision and solvency of insurance and reinsurance entities. Under no circumstances may they be real estate or real property rights.

However, it shall be understood that such requirements are met by those pools of assets that seek to develop an investment policy characterised by reproducing a specific stock market or fixed income index representative of some of the official secondary securities markets of the European Union.

The policyholder shall only have the power to choose, among the various separate pools of assets, in which the insurer must invest the mathematical provision of the insurance, but in no case may he intervene in the determination of the specific assets in which, within each separate pool, such provisions are invested.

In these contracts, the policy holder or the insured person may choose, under the specifications of the policy, between the different collective investment institutions or separate pools of assets, expressly designated in the contracts, without being able to produce singular specifications for each policy holder or insured person.

The conditions referred to in this point (g) shall be complied with throughout the term of the contract.

- h) Income from real estate equity will be attributed to the tax period in which the corresponding payment is made.
- i) Unemployment benefits received in the form of a single payment under the provisions of labour legislation may be allocated to each of the tax periods in which, in the absence of the single payment, entitlement to the benefit would have arisen. Such imputation shall be made in proportion to the time in each tax period during which, in the absence of the lump-sum payment, entitlement to the benefit would have arisen.
- j) Equity gains deriving from state aid shall be allocated to the tax period in which they are received, without prejudice to the option provided for in point (l) of this section.
- k) Equity losses deriving from overdue and uncollected credits may be allocated to the tax period in which any of the following circumstances arise:
 - 1. Where a reduction established in a judicially approved restructuring plan, as referred to in Title III of Book Two of the revised text of the Insolvency Law, approved by Royal Legislative Decree 1/2020 of 5 May, takes effect.
 - 2. If the debtor is involved in insolvency proceedings and the agreement providing for a reduction in the amount of the credit is agreed under the provisions of Chapter VI of Title VII of Book One of the consolidated text of the Insolvency Law, approved by Royal Legislative Decree 1/2020, of 5 May, the loss shall be calculated by the amount of the reduction.

Otherwise, the insolvency proceedings shall end without the credit having been paid, except where the insolvency proceedings are terminated on the grounds referred to in numbers 1, 2, 3, 5 and 8 of Article 465 of the consolidated text of the Insolvency Law, approved by Royal Legislative Decree 1/2020, of 5 May.

- 3. That the period of one year has elapsed since the start of the legal proceedings other than bankruptcy proceedings aimed at enforcing the claim without the claim having been paid.

Where the claim is recovered after the computation of the equity loss referred to in this point (k), an equity gain shall be recognised for the amount recovered in the tax period in which the recovery occurs.

- l) Public aid for the first establishment of young farmers provided for in the Spanish National Framework for Rural Development which is intended for the purchase of a holding in the capital of agricultural companies may be allocated in quarters, in the tax period in which it is obtained and in the following three periods.

3. In the event that the taxpayer loses his or her status due to a change of residence abroad, he or she shall include all income pending imputation in the tax base corresponding to the last tax period to be declared for this tax in the place prior to the change of residence, under the conditions established by regulation, without penalty or interest for late payment or any surcharge.

When the transfer of residence takes place to another Member State of the European Union or to another state of the European Economic Area that has entered into an agreement with Spain or with the European Union on mutual assistance for the recovery of tax debts that is equivalent to the mutual assistance provided for in Council Directive 2010/24/EU of 16 March 2010, on mutual assistance for the recovery of claims relating to certain taxes, duties and other measures, the taxpayer may choose to impute the outstanding income under the provisions of the previous paragraph or to impute it as and when each of the incomes pending imputation are obtained, without penalty, late payment interest or any surcharge, in the last period to be declared for this Tax.

The declaration of the income to be imputed as and when it is obtained shall be made in the tax return period corresponding to the tax period in which the income would have been imputed had the taxpayer's status not been lost.

4. In the event of the death of the taxpayer, all income pending imputation shall be included in the tax base of the last tax period to be declared.

CHAPTER VIII SPECIAL VALUATION RULES

Article 58. Valuation of estimated income.

1. The valuation of estimated income referred to in Article 7 of this Provincial Regulation shall be carried out at the normal market value, this being understood to be the consideration that would be agreed between independent parties, unless there is proof to the contrary.
2. In the case of loans and transactions involving the raising or use of outside capital in general, the normal market value shall be understood to be the legal interest rate in force on the last day of the tax period.
3. When the taxpayer assigns or lends to third parties free of charge or allocates for their own use or consumption goods, rights or services which are the object of their economic activity, to determine the net income of said activity, the normal market value of said goods, rights or services shall be taken into account.

Likewise, when there is a consideration and this is significantly lower than the normal market value of the goods, rights and services, the latter shall be taken into account.

4. When it is clear from the information available to the tax authorities that the property owned by the taxpayer is leased, subleased or that the rights or powers of use and enjoyment of the property have been transferred and no income is included in the self-assessment, a net income on real estate equity shall be estimated at 5% of the value of said property in accordance with Provincial Wealth Tax Regulation, unless the acquirer, assignee, lessee or sub-lessee of the property or of the right in rem over the same is the spouse, common-law partner or a relative, including relatives up to and including the third degree of kinship, of the taxpayer.

Article 59. Linked transactions.

Transactions between related persons or entities shall be valued at their normal market value, in accordance with the terms set out in Article 42 of the Provincial Corporation Tax Regulation.

Article 60. Income in kind.

1. In general, income in kind shall be valued at their normal market value, which may in no case be less than the cost to the payer, including taxes and expenses.
2. Income from work in kind shall be valued in accordance with the following special valuation rules:

- a) In the case of the use of housing owned by the payer, by the amount resulting from applying 8% to the value at which they should be computed in accordance with the provisions of the Provincial Wealth Tax Regulation.

In the case of employees of urban properties in which the dwelling is physically located on the same estate where they provide their services, the valuation referred to in the previous paragraph may not exceed 10% of the remaining full income from work received.

In the case of the use of a home that is not owned by the payer, due to the cost for the latter, including taxes and expenses, without the resulting valuation being lower than what it would have been if the provisions of the previous paragraphs had been applied.

Similarly, in those cases in which the payer bears the expenses derived from the use of the dwelling, such as water, gas, electricity and any other associated costs, the expenditure they entail for the payer.

- b) In the case of the use or supply of motor vehicles and their trailers, mopeds and motorbikes, pleasure or nautical sports boats or vessels and aircraft owned by the paying individual or entity:

- In the case of supply, the purchase cost to the paying individual or entity, including the taxes levied on the transaction.
- In the case of use, 20% per year of the cost referred to in the previous paragraph.

The resulting valuation, in the case of use, may be reduced by 30 per cent when it involves battery electric vehicles (BEVs) or range-extended electric vehicles (REEVs) or fuel cell electric vehicles (FCVs) or fuel cell hybrid electric vehicles (FCHVs).

- In the case of use and subsequent delivery, the valuation of the latter shall be made taking into account the valuation resulting from previous use.

In the case of the use of the aforesaid means of transport that are not the property of the payer, at a cost to the payer, including taxes and expenses.

The resulting valuation in the case of use may be reduced by 30 per cent in the case of battery electric vehicles (BEVs) or range-extended electric vehicles (REEVs) or fuel cell electric vehicles (FCVs) or fuel cell hybrid electric vehicles (FCHVs).

In any of the above cases, when the paying individual or entity pays the expenses inherent in the use of the vehicle, such as repairs, fuel, parking service and use of toll motorways, the cost to the payer.

Where the vehicle is used for private and work purposes, the remuneration in kind shall be estimated at 50% of the sum of the valuation resulting from the application of the rules provided in this point.

- c) In the case of loans with interest rates lower than the legal interest rate, the difference between the interest paid and the legal interest rate in force during the period.
- d) At a cost to the payer, including any taxes levied on the transaction, the following income:
 - Benefits for board and lodging, travel and similar.
 - Premiums or contributions paid in virtue of an insurance or similar contract, without prejudice to the provisions of Article 17(2)(e) and (f) of this Provincial Regulation.
 - Amounts intended to meet the study and living expenses of the taxpayer, their spouse or unmarried partner, or of other persons linked to them by a family relationship, including those related to them, or those resulting from the constitution of the common-law partner, without prejudice to the provisions of Article 17(2)(c) of this Provincial Regulation.
- e) For their amount, the contributions paid by the protective members of voluntary social welfare institutions and by the promoters of pension plans, and the contributions paid by the sponsoring companies regulated in Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016, on the activities and supervision of institutions for occupational retirement provision, as well as the amounts paid by employers to meet pension commitments under the terms provided for in the first supplementary provision of the Consolidated Text of the Pension Plans and Funds Regulation Act, and its implementing regulations. Likewise, for their amount, the quantities paid by employers to dependency insurance.

Notwithstanding the provisions of the previous points, when the work income in kind is paid by companies whose habitual activity is the performance of the activities that give rise to the same, the valuation may not be less than the price offered to the public of the good, right or service in question.

The price offered to the public shall be considered to be that established in Article 47 of Law 4/2023, of 27 April, on the Statute of Consumers and Users, deducting ordinary or common discounts. Discounts offered to other groups with similar characteristics to the company's employees, as well as promotional discounts of a general nature and which are in force at the time of payment of the remuneration in kind or which, in other cases, do not exceed 15% or 1,000 Euros per year, shall be considered ordinary or common.

3. Income in kind obtained in the course of an economic activity shall be valued in accordance with the provisions of the Provincial Corporation Tax Regulation.
4. Equity gains in kind shall be valued in accordance with Articles 44 and 47 of this Provincial Regulation.
5. For the purposes of the inclusion of income in kind in the taxable base, the value resulting from the application of the above rules shall be increased by the payment on account, unless the amount has been passed on to the recipient of the income.

CHAPTER IX TYPES OF INCOME

Article 61. Types of income.

For the purposes of calculating the Tax, the taxpayer's income shall be classified, as appropriate, as general income or as savings income.

Article 62. General income.

General income shall comprise the income and equity gains and losses which, in accordance with the provisions of the following Article, are not considered as savings income, as well as the imputations of income referred to in articles 51 and 52 of these Provincial Regulations and Chapter III of Title VI of the Provincial Corporation Tax Regulation.

Article 63. Savings income.

Savings income shall consist of:

- a) Income from real estate capital from derived dwellings referred to in sections 2, 3, 4 and 5 of Article 32 of this Provincial Regulation.
- b) Income from movable capital provided for in Articles 34, 35, 36 and in Article 37(e) of this Provincial Regulation. However, except in the cases established by the corresponding regulations, the income from movable capital provided for in Article 35 from entities related to the taxpayer, within the meaning of Article 42 of the Provincial Corporation Tax Regulation and the third paragraph of Article 54 of this Provincial Regulation, shall form part of the general income.
- c) Capital gains and losses arising from the transfer of assets, as well as capital gains derived from the receipt of compensatory late-payment interest.

CHAPTER X INTEGRATION AND OFFSETTING OF INCOME

Article 64. Integration and offsetting of income.

- 1. For the purposes of calculating the taxable base, the positive or negative amounts of the taxpayer's income shall be integrated and offset in accordance with the provisions of this Provincial Regulation.
- 2. In accordance with the classification of income, the taxable base shall be divided into two parts:
 - a) The general taxable base.
 - b) The savings tax base.

Article 65. Integration and compensation of income in the general taxable base.

The general taxable base shall be the result of adding the following balances:

- a) The balance resulting from integrating and offsetting against each other, without limitation, in each tax period, the income, except that derived from business activities, and the imputations of income referred to in Article 62 of this Provincial Regulation.
- b) The balance resulting from integrating and offsetting, without any limitation, in each tax period, the income derived from business activities. If the result shows a negative balance, its amount shall be offset against the positive balance of the income from business activities obtained in the following thirty years, under the terms provided in Article 55 of the Provincial Corporation Tax Regulation.

For the purposes of the provisions of Article 117(3) of the General Tax Regulations of the Historical Territory of Bizkaia, the taxpayer must declare the option to offset the negative balances referred to in the previous paragraph when submitting the self-assessment for the year in which they wish to apply this offsetting. The option exercised for a tax period may be

modified at a later date once the voluntary period for self-assessment of the tax has ended and provided that the tax authorities have not issued a prior request.

- c) The positive balance resulting from integrating and offsetting, exclusively among themselves, in each tax period, the equity gains and losses, excluding those provided for in the following Article.

If the result of the integration and offsetting referred to in this point (c) gives rise to a negative balance, the amount thereof shall be offset against the positive balance resulting from the sum of the income referred to in points (a) and (b) of this Article, obtained in the same tax period, up to a limit of 25% of the said positive balance. If, after such offsetting, a negative balance remains, its amount shall be offset, in the following four years, in the same order as provided in the preceding points of this Article. The offsetting shall be carried out to the maximum amount permitted in each of the following financial years and may not be carried out outside the four-year period, by accumulation with the equity losses of subsequent financial years.

Article 66. Integration and offsetting of income in the savings tax base.

- 1. The savings tax base shall be made up of the positive balance resulting from the addition of the following balances:

- a) The positive balance resulting from integrating and offsetting, exclusively among themselves, in each tax period, the income referred to in Article 63(a)(b) of this Provincial Regulation.

If the result of the integration and offsetting referred to in this point (a) results in a negative balance, its amount may only be offset against the positive balance of the income referred to in this point (a) which becomes apparent during the following four years.

- b) The positive balance resulting from integrating and offsetting, exclusively among themselves, in each tax period, the equity gains and losses obtained in the same period, as referred to in Article 63(c) of this Provincial Regulation.

If the result of the integration and offsetting referred to in this point (b) results in a negative balance, the amount may only be offset against the positive balance of the gains and losses referred to in this point (b) which become apparent during the following four years.

- 2. The offsets provided for in the previous section shall be made to the maximum amount allowed in each of the following years and may not be made outside the period referred to in that section by accumulation with negative income from subsequent years.

The taxpayer shall, where appropriate, provide documentary evidence of the origin and amount of the negative balances whose offset is sought, irrespective of the year in which they arose.

TITLE V TAX BASIS

Article 67. General and savings tax base.

- 1. The tax basis will be formed by the sum of the general taxable base and the savings taxable base.
- 2. The general tax basis will be the result of applying the following reductions to the general taxable base, exclusively and in that order:

- One: For payment of compensatory pensions and maintenance annuities.
- Two: For contributions and payments to social security systems.
- Three: Three: For joint taxation.

The application of the reductions referred to in this section may not give rise to a negative general taxable base, nor to an increase thereof.

3. The savings tax base shall be the result of reducing the savings tax base by the remainder, if any, of the reduction provided for in Article 69, and may not be negative as a result of such reduction.

Article 68. Offsetting negative general taxable income.

If the general taxable base is negative, its amount may be offset against the positive general taxable bases obtained in the following four years.

Offsetting must be carried out to the maximum amount allowed in each of the following years and may not be carried out outside the period referred to in the previous paragraph by accumulation with negative general taxable bases of subsequent years.

The taxpayer must prove, where appropriate, by means of the relevant documentary evidence, the origin and amount of the negative general taxable income for which they are seeking compensation, regardless of the financial year in which they arose.

Article 69. Reductions for compensatory pensions and maintenance annuities.

The general taxable base and, where applicable, the savings tax base, shall be subject to reduction, under the terms provided in Article 67 of these Provincial Regulations, in the amount of the amounts paid as compensatory pensions in favour of the spouse or common-law partner, and maintenance annuities, with the exception of those fixed in favour of the taxpayer's children, both paid by judicial decision.

This reduction shall not be applicable in the event that the person paying the compensatory pensions or annuities for maintenance lives with the person receiving them.

Article 70. Reductions for contributions to social welfare systems.

1. The following contributions and payments to social welfare systems may be reduced from the general taxable base:
 1. Contributions made by members of voluntary social welfare institutions whose purpose is to cover the contingencies referred to in Article 3 of Provincial Regulation 6/1988, of 30 June, on the tax system for voluntary social welfare institutions, and unemployment for worker-members, including the contributions of the protective member which would have been imputed as concept of work from income.
 2. Contributions made by participants to pension plans, including the contributions from the promoter which have been imputed to them as concept or work from income.
 3. Contributions made by members to pension plans regulated in Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of occupational pension funds, including contributions made by the sponsoring companies, provided that the following requirements are met:
 - a) That the contributions are imputed for tax purposes to the participant to whom the benefit is linked.

- b) That the right to receive the future benefit is irrevocably transferred to the participant.
 - c) The ownership of the resources of which the contribution consists is transferred to the participant.
 - d) The contingencies covered must be those provided for in Article 8(6) of the Consolidated Text of the Law regulating Pension Plans and Funds, approved by Royal Legislative Decree 1/2002, of 29 November.
4. Contributions and contributions to mutual social welfare funds that meet the following requirements:
- a) Subjective requirements:
 - 1. The amounts paid in virtue of insurance contracts entered into with mutual benefit societies by professionals not included in any of the Social Security regimes, by their spouses or common-law partners and first-degree blood relatives, as well as by the employees of the aforesaid mutual benefit societies, in the part whose purpose is to cover the contingencies foreseen in Article 8(6) of the Revised Text of the Law Regulating Pension Plans and Funds, approved by Royal Legislative Decree 1/2002, of 29 November, provided that they have not been considered as a deductible expense to determine the net income from business activities, under the terms foreseen in the second paragraph of rule 1 of Article 27 of the present Provincial Regulation.
 - 2. The amounts paid by virtue of insurance contracts entered into with mutual benefit societies by professionals or individual entrepreneurs included in any of the Social Security schemes, by their spouses or common-law partners and first-degree blood relatives, as well as by the employees of the aforesaid mutual benefit societies, in the part whose purpose is to cover the contingencies provided for in section 6 of Article 8 of the Consolidated Text of the Law Regulating Pension Plans and Funds, approved by Royal Legislative Decree 1/2002, of 29 November.
 - 3. The amounts paid by virtue of insurance contracts entered into with mutual benefit societies by employees or worker-members, including the contributions of the promoter which have been imputed to them as earned income, when they are made in accordance with the provisions of the first additional provision of the Revised Text of the Law Regulating Pension Plans and Funds, approved by Royal Legislative Decree 1/2002, of 29 November, including unemployment for the aforesaid worker-members.
 - b) The vested rights of the mutual members can only be paid in the cases provided for pension plans in section 8 of Article 8 of the Revised Text of the Law Regulating Pension Plans and Funds, approved by Royal Legislative Decree 1/2002, dated November 29.
5. Premiums paid to insured pension plans. The insured pension plans are defined as insurance contracts that must meet the following requirements:
- a) The taxpayer must be the policyholder, insured and beneficiary. However, in the event of death, it may give rise to entitlement to benefits under the terms set forth in the consolidated Text of the Law Regulating Pension Plans and Funds, approved by Royal Legislative Decree 1/2002, of November 29.
 - b) The contingencies covered must only be those provided for in section 6 of Article 8 of the consolidated Text of the Law Regulating Pension Plans and Funds, approved by Royal Legislative Decree 1/2002, of November 29, and must have retirement as

the main coverage. Total or partial early disposal of such contracts shall be permitted only in the cases provided for in Article 8(8) of the Consolidated Text of the aforesaid Law. The provisions of Articles 97 and 99 of Law 50/1980, of 8 October, on Insurance Contracts, shall not apply to such contracts.

- c) This type of insurance will have to offer an interest guarantee and use actuarial techniques.
- d) In the conditions of the policy it will be expressly and prominently stated that it is an insured welfare plan.
- e) The requirements and conditions for the mobilization of the mathematical provision to another insured welfare plan shall be established by regulation.

In the aspects not specifically regulated in this Provincial Regulation and in its implementing regulations, the system of contributions, contingencies and benefits of these contracts will be governed by the regulations governing pension plans, except for the financial-actuarial aspects of the corresponding technical provisions. In particular, the rights in an insured welfare plan may not be subject to seizure, judicial or administrative attachment until the moment when the right to the benefit is caused or when they become effective in the cases of serious illness, long-term unemployment or because they correspond to premiums paid with at least ten years of seniority.

6. The contributions made by the employees to the corporate social welfare plans regulated in the first supplementary provision of the Consolidated Text of the Law Regulating Pension Plans and Funds, approved by Royal Legislative Decree 1/2002, of 29 November, including the contributions of the policyholder. In any case, the corporate social welfare plans must comply with the following requirements:
 - a) The principles of non-discrimination, capitalization, irrevocability of contributions and attribution of rights established in number 1 of Article 5 of the Consolidated Text of the Law Regulating Pension Plans and Funds, approved by Royal Legislative Decree 1/2002, of 29 November, shall be applicable to this type of insurance contracts.
 - b) The policy shall stipulate the premiums which, in compliance with the social welfare plan, must be paid by the policyholder, which shall be charged to the insured parties.
 - c) The terms and conditions of the policy will expressly and prominently state that it is a corporate social welfare plan.
 - d) The requirements and conditions for the mobilization of the mathematical provision to another corporate social welfare plan shall be established by regulation.
 - e) The provisions of points (b) and (c) of number 5 above.

In those aspects not specifically regulated in this Provincial Regulation and in its implementing regulations, the provisions of the last paragraph of number 5 above shall be applicable.

7. The premiums paid to private insurance policies that exclusively cover the risk of severe dependency or major dependency under the provisions of Law 39/2006, of 14 December, on the promotion of personal autonomy and care for dependent persons.

Similarly, persons who are related to the taxpayer in a direct or collateral line up to the fourth degree inclusive, or by their spouse or common-law partner or by those persons who have the taxpayer under their care in a guardianship or foster care system, or those who exercise guardianship with powers of representation in respect of the taxpayer, may reduce

the premiums paid for these insurances in their general taxable base, taking into account the reduction limit provided for in the following Article of this Provincial Regulation.

Total reductions made by all the persons who pay premiums in favour of the same taxpayer, including those of the taxpayer himself, may not exceed 5,000 Euros per year.

For these purposes, when several premiums are paid in favour of the same taxpayer, the premiums paid by the taxpayer himself shall be subject to reduction, and only if these do not reach the aforesaid limit of 5,000 Euros, may the premiums paid by other persons in his favour be subject to reduction in their general taxable base, which shall be carried out, where appropriate, on a proportional basis.

These premiums shall not be subject to Inheritance and Gift Tax.

The insurance contract shall in all cases comply with the provisions of points a) and c) of number 5 above.

In those aspects not specifically regulated in this Provincial Regulation and its implementing regulations, the provisions of the last paragraph of number 5 above shall apply.

In the case of group dependency insurance policies taken out in accordance with the provisions of the first supplementary provision of the Consolidated Text of the Law Regulating Pension Plans and Funds, only the company shall be the policy holder and the worker shall be the insured party and beneficiary.

The regulations shall develop the provisions of this section.

2. The benefits received from the social welfare systems provided for in numbers 1 to 7 of the previous section shall be taxed in their entirety, and under no circumstances may they be reduced by the amounts corresponding to the excess contributions and contributions that have not been subject to reduction.
3. Irrespective of the reductions made in accordance with the limits referred to in the following Article of this Provincial Regulation, taxpayers whose spouse or common-law partner does not obtain income to be included in the general taxable base, or obtains less than 8,000 Euros per year, may reduce in the general taxable base the contributions made to the social welfare systems provided for in this Article of which said spouse or common-law partner is a member, participant, member of a mutual fund or holder, up to a maximum limit of 2,400 Euros per year.

These contributions shall not be subject to Inheritance and Gift Tax.

4. If the taxpayer disposes of the consolidated rights as well as the economic rights deriving from the different social welfare systems foreseen in this article, totally or partially, in cases other than those provided for in the regulations on pension plans and funds or voluntary or compulsory withdrawal or dissolution and liquidation of the entity, they must reimburse, in the corresponding tax periods, the reductions in the general tax base unduly applied, accruing the corresponding interest for late payment.

Amounts received that exceed the contributions made, including, where applicable, the contributions imputed by the promoter, shall be taxed as income from employment in the tax period in which they are received, except when the provisions of Article 37(e) of this Provincial Regulation apply.

Where the amounts referred to in the preceding paragraph are received in the form of an annuity, the provisions of Article 9(38) of this Provincial Regulation shall not apply.

5. Contributions and contributions to the social welfare systems referred to in sections 1 and 3 above, which are made from the beginning of the tax period following that in which the members, participants, mutual members or insured persons are retired, may not be reduced from the taxable base.
6. Similarly, with regard to the contributions and payments to social welfare systems, as referred to in section 1 above, which are made in the same tax year in which a benefit is received in the form of capital for the contingency of retirement or for reasons other than the occurrence of the different contingencies covered or situations of long-term unemployment or illness, the reduction will be limited to the amount of the contributions made in the tax year which corresponds to the payments which are effectively included in the taxable base thereof.

The provisions of this section shall not apply in the case of contributions and contributions made to occupational pension plans, corporate social welfare plans, pension plans regulated in Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision, mutual benefit societies or institutions for occupational retirement provision, nor to the contributions referred to in Article and Article 72(3) of this Provincial Regulation.

Article 71. Reduction limits for contributions to social welfare systems.

1. Without prejudice to the financial limits established in their specific regulations, the limits of the reductions for contributions and contributions to social welfare systems shall be as follows:
 - a) 5,000 euros per year for the sum of contributions made to social welfare schemes referred to in the previous article and other than those provided for in the following points made by partners, participants, mutual members or insured persons.
 - b) 8,000 euros per year for the sum of employer contributions made by the protecting members, promoters of occupational pension plans referred to in points 2 and 3 of Section 1 of the previous article, mutual social welfare funds acting as a corporate social welfare instrument, policyholders in corporate social welfare plans or collective dependency insurance in favour of members, participants, insured persons or mutual society members and allocated to them, as well as contributions made by these members, participants, insured persons or mutual society members to the aforementioned social welfare systems, whether these contributions are agreed in collective bargaining, derive from the plan regulations in the case of working members or employees of cooperative and labour companies, or result from a decision by the employee.

Contributions made by the individual entrepreneur or professional to social welfare plans or mutual societies, to occupational pension plans referred to in points 2 and 3 of Section 1 of the previous article, or to corporate social welfare plans or collective dependency insurance, of which they are also the promoter and participant, or mutual entity, policyholder or protecting member and beneficiary, shall be included within this same limit, provided that these contributions are proportional to the contributions made by the individual entrepreneur or professional on behalf of the employees under their responsibility, based on a percentage of salary, economic proportion or other similar circumstances.

The contributions to social welfare plans referred to in the previous paragraph must comply with the requirements established by the corresponding regulations.

- c) 4,000 euros per year for the sum of contributions made to employment social welfare systems in which the participants or full members are self-employed.

Contributions made to employment social welfare systems by self-employed who do not have employees under their responsibility shall be included within this limit.

Contributions made by working members or workers of cooperative and labour companies shall not be included within the limit provided for in this point c).

- d) Notwithstanding the provisions of points a), b) and c) above in this Section 1, and respecting the limits established therein, the joint limit of the reductions for contributions and company contributions to social welfare systems will be 10,000 euros per year, with preference given to those made to employment systems.
2. The limits established in the previous section shall be applied independently and individually to each mutualist, participant, insured person or member of the family unit.
3. The members, participants, mutual members or insured persons who have made contributions to the social welfare systems referred to in Section 1 of the previous article, may reduce in the following five financial years the amounts contributed which could not have been subject to reduction in the general tax base because they exceed the maximum limits set out in points a) and c) of Section 1 of this article, respecting the respective limits and provided that they are not retired in the tax year in which the reduction is made.

The same procedure may be followed in cases of excess contributions and employer contributions in relation to the limit established in point b) of Section 1 of this article, and where the joint limit referred to in point d) of that section applies.

Where contributions or contributions could not be subject to reduction in the general taxable base due to insufficiency, they may also be subject to reduction in the following five financial years, provided that in the financial year in which they are reduced the member, participant, mutual member or insured person is not in a state of retirement.

Likewise, contributions made under the provisions of section 3 of the previous Article which have not been subject to reduction in the general taxable base because they exceed the limit provided for in that section may be reduced in the following five financial years, provided that in the financial year in which they are reduced the spouse or common-law partner who is a partner, participant, member of a mutual society or policyholder is not in a state of retirement. Where contributions or contributions have not been subject to reduction in the general taxable base due to insufficiency, they may also be subject to reduction in the following five financial years, without exceeding the same, provided that in the financial year in which they are reduced the spouse or unmarried partner who holds the status of member, participant, member of a mutual society or policyholder is not in a state of retirement.

These rules shall not apply to contributions exceeding the maximum limits provided in its financial regulations.

4. For the purposes of the provisions of this article, when in the tax period contributions and company contributions coincide, the reduction corresponding to contributions and payments to employment systems shall be applied first, followed by the reduction corresponding to contributions to systems other than employment systems, and in all cases the limits established in points a), b), c) and d) of Section 1 shall apply.

Article 72. Reductions for contributions to social welfare systems set up in favour of disabled persons.

1. Contributions made to the social welfare systems referred to in Article 70 of this Provincial Regulation in favour of persons with a physical or sensory disability of 65% or more, or a mental disability of 33% or more, as well as persons who, within the framework of the provisions of Title XI of the Civil Code, are subject to guardianship with powers of representation, may be subject to a reduction in the general taxable base with the following maximum limits:

- a) Annual contributions made in favour of persons with disabilities, with a limit of 8,000 Euros for each contributing person. This is without prejudice to the contributions they may make to their own social welfare systems, in accordance with the limits established in Article 71 of this Provincial Regulation.

The following persons may make contributions:

- a') Those who are related to the person with disabilities in a direct or collateral line, up to the fourth degree inclusive.
- b') The spouse or common-law partner of the person with disabilities.
- c') Those who are linked to the person with disabilities for reasons of guardianship or foster care or those who exercise guardianship with powers of representation over the person with disabilities.

In these cases, the disabled person shall be designated as the sole and irrevocable beneficiary for any contingency.

However, the contingency caused by the death of the disabled person may give rise to entitlement to widow's, widower's or orphan's benefits or benefits in favour of those who have made contributions in proportion to their contributions.

- b) The annual contributions made by the disabled persons themselves, up to a limit of 24,250 Euros.

The total of the reductions made by all the persons who make contributions in favour of the same person with disabilities, including those of the person with disabilities themselves, may not exceed 24,250 Euros per year. For these purposes, when there are several contributions in favour of disabled persons, the contributions made by the person with disability himself shall be subject to reduction, and only if these do not reach the limit of 24,250 Euros indicated, may the contributions made by other persons in his favour be subject to reduction in their general taxable base, proportionally, without, in any case, the total of the reductions made by all the persons making contributions in favour of the same person with disability being able to exceed 24,250 Euros.

The limits provided for in this section 1 shall apply jointly to all social security systems established for the benefit of persons with disabilities.

- 2. Contributions which could not be subject to reduction in the general taxable base due to insufficient taxable income or because they exceed the maximum limit provided for in point a) of the preceding section may be reduced in the following five financial years.

This rule shall not apply to contributions in excess of the maximum limits laid down in their financial rules.

- 3. The contributions referred to in this Article shall not be subject to Inheritance and Gift Tax.
- 4. For the purposes of receiving benefits and the early disposal of consolidated or economic rights, in cases other than those provided for in the regulations of social welfare systems provided in favour of disabled persons or voluntary or compulsory cancellation or dissolution and liquidation of the institution, the provisions of Article 70(4) of this Provincial Regulation shall apply.

Article 73. Reduction for joint taxation.

In cases where, under the provisions of Article 98 of this Provincial Regulation, joint taxation is chosen, the general taxable base shall be reduced by the amount of 4,896 Euros per year per return.

TITLE VI FULL TAX LIABILITY

Article 74. Concept of full tax liability.

In general terms, the full tax liability shall be the sum of the following amounts:

- The result of applying the tax scale in section 1 of the following Article to the general taxable base. This amount shall be reduced under the provisions of Article 77 of this Provincial Regulation and under no circumstances may it be negative.
- The amount resulting from applying the tax scale referred to in Article 76(1) to the savings tax base.
- That resulting, where applicable, from the application of the provisions of the twenty-fourth supplementary provision.

Article 75. Scale applicable to the general taxable base.

1. The general taxable base shall be taxed at the rates indicated in the following scale:

General taxable base up to Euros	Total tax liability Euros	Remaining taxable income up to Euros	Applicable rate %
0.00		18,080.00	23.00
18,080.00	4,158.40	18,080.00	28.00
36,160.00	9,220.80	18,080.00	35.00
54,240.00	15,548.80	23,210.00	40.00
77,450.00	24,832.80	29,810.00	45.00
107,260.00	38,247.30	35,700.00	46.00
142,960.00	54,669.30	65,430.00	47.00
208,390.00	85,421.40	From here on	49.00

2. The average general tax rate shall be understood to be the result of multiplying by one hundred the quotient obtained by dividing the tax liability resulting from the application of the provisions of the previous section by the general taxable base. The average general tax rate shall be expressed to two decimal places.
3. When the average general tax rate of the taxpayer referred to in the previous section is higher than the general rate of Corporation Tax, the total tax liability shall be reduced by the amount resulting from applying the difference between the aforesaid average rate and the general rate of Corporation Tax to the amount of the equity gains that form part of the positive net income from business activities.

For the purposes of the application of the provisions of the preceding paragraph, the amount of equity gains shall be reduced, where appropriate, by the amount of the capital losses that have been taken into account for the determination of the net income from the activity.

Article 76. Scale applicable to the savings tax base.

1. The taxable savings base shall be taxed at the rates indicated in the following scale:

Taxable savings base up to €	Total tax liability €	Remaining taxable income up to €	Applicable rate %.
0.00	0.00	7,500.00	19.00
7,500.00	1,425.00	7,500.00	20.00
15,000.00	2,925.00	15,000.00	22.00
30,000.00	6,225.00	20,000.00	24.00
50,000.00	11,025.00	40,000.00	25.00
90,000.00	21,225.00	30,000.00	26.00
120,000.00	29,025.00	120,000.00	26.50
240,000.00	60,825.00	60,000.00	27.00
300,000.00	77,025.00	from here on	28.00

2. The average savings tax rate shall be understood to be the result of multiplying by one hundred the quotient obtained by dividing the tax liability resulting from the application of the provisions of the previous section by the net savings tax base. The average savings tax rate shall be expressed to two decimal places.

Article 77. Reduction of tax liability.

Taxpayers shall apply a reduction in tax liability of 1,615 Euros for each tax return, in accordance with the provisions of Article 74 of this Provincial Regulation.

TITLE VII TOTAL TAX LIABILITY AND DEDUCTIONS

CHAPTER I TOTAL TAX LIABILITY

Article 78. Concept of total tax liability.

1. The total tax liability shall be understood to be the amount resulting from reducing the total tax liability by the amount of the deductions provided for in this Title, as well as those expressly indicated in the Provincial Regulation.
2. Under no circumstances may the total tax liability be negative.

CHAPTER II FAMILY AND PERSONAL DEDUCTIONS

Article 79. Deduction for descendants.

1. The following deduction shall be made for each descendant living with the taxpayer:
 - 682 Euros per year for the first.
 - 844 Euros per year for the second.
 - 1,421 Euros per year for the third.
 - 1,680 Euros per year for the fourth.
 - 2,195 Euros per year for the fifth and for each of the successive descendants.

2. For each descendant under six years of age who lives with the taxpayer, in addition to the deduction that corresponds in accordance with the previous section, a complementary deduction of 394 Euros per year shall be made.
3. This deduction shall not be taken for descendants who are in any of the following circumstances:
 - a) Who are over thirty years of age, except when the descendants give rise to the right to practise the deduction referred to in Article 82 of this Provincial Regulation.
 - b) That they obtain annual income above the minimum interprofessional wage, not including exemptions, in the tax period in question, or that they form part of another family unit in which any of its members has annual income, not including exemptions, above the minimum interprofessional wage in the tax period in question.
 - c) They submit, or are obliged to submit, a self-assessment for this tax corresponding to the tax period in question.
4. When the descendants live with several ascendants of the same degree, the deduction shall be prorated and applied in equal parts for each of the ascendants.

In the case of descendants living with relatives in the ascending line with whom they have different degrees of kinship, only the relatives in the ascending line of the closest degree shall be entitled to this deduction, and the deduction shall be prorated and made equally between them. If none of the ascendants obtains an annual income, not including exemptions, higher than the minimum interprofessional wage in the tax period in question, the deduction shall pass to the ascendants of the most distant degree.

5. In cases where, by judicial decision, there is an obligation to provide financial support for the descendants, the deduction shall be made in the self-assessment of the parent on whom the financial support of the descendant depends if this burden is assumed exclusively by them, or it shall be made in halves in the self-assessment of each parent, provided that the financial support of the descendant depends on both of them. In the cases referred to in this section, the provisions of the competent judicial authority shall apply and the reality and effectiveness of the said financial support shall be accredited.
6. For the purposes of this article, those persons linked to the taxpayer by reason of guardianship or fostering formalised before the Public Entity with jurisdiction over the protection of minors shall be assimilated to descendants, or those linked due to exercising guardianship with powers of representation in this regard.

Article 80. Deduction for payment of maintenance payments to descendants.

Taxpayers who, by court order, pay maintenance exclusively to their descendants up to the second degree, shall be entitled to a deduction of 15 per cent of the amounts paid for this purpose, with a limit, for each descendant, of 30 per cent of the amount corresponding to the deduction established in Section 1 of the previous article.

Article 81. Deduction for ascendants.

1. For each ascendant who lives continuously and permanently with the taxpayer throughout the calendar year, a deduction of 328 Euros may be applied.

For the purposes of applying this deduction, the cases in which the descendant pays out of their own assets amounts to residences where the ascendant lives continuously and permanently throughout the calendar year shall be assimilated to the cohabitation described in the previous paragraph.

2. For the application of the deduction referred to in the previous section, the following shall be required:
 - a) That the ascendant has no annual income, not including exempt income, greater than the minimum interprofessional wage in the tax period in question.
 - b) That the ascendant does not form part of a family unit in which any of its members has an annual income, not including exemptions, higher than the minimum interprofessional wage in the tax period in question.
 - c) That the ascendant does not present, or is not obliged to present, a self-assessment for this tax corresponding to the tax period in question.
3. When ascendants live with several descendants of the same degree, the deduction shall be apportioned and applied in equal parts for each of the descendants.

In the case of ascendants living with descendants with whom they have different degrees of kinship, only the descendants of the closest degree shall be entitled to this deduction, which shall be prorated and practised equally among them. If none of the descendants obtains an annual income higher than the minimum interprofessional wage, not including exemptions, in the tax period in question, the deduction shall pass to the descendants of the most distant degree.

4. In the case of ascendants living in residential centres, the deduction shall be made by the descendants of the closest degree who can prove, with the corresponding invoice, that they have paid amounts to cover the costs of the ascendant's stay in these centres. In the event of there being several descendants of the same degree who bear these expenses, the deduction shall be apportioned and applied among all of them in equal shares.

Article 82. Deduction for disability or dependency.

1. For each taxpayer who is a dependent or disabled person, the deduction set out below will be applied, depending on the degree of dependency or disability certified in accordance with the corresponding regulations:

Degree of dependency or disability	Deduction (euros)
Of 33 % or greater but less than 65 %	906
Equal or greater than 65% disability. Moderate dependency (Grade I)	1,294
Severe dependency (Grade II)	1,552
Great dependency (Grade III)	1,935

The degree of disability or dependency referred to in the previous paragraph shall be determined in accordance with the provisions of Royal Decree 888/2022, of 18 October, establishing the procedure for the recognition, declaration and assessment of the degree of disability, and Royal Decree 174/2011, of 11 February, which approves the scale of assessment of the circumstances of dependency established by Law 39/2006, of 14 December, on the Promotion of Personal Autonomy and Care for Dependent Persons.

The same deduction shall be applied for the spouse or common-law partner who is a disabled or dependent person and who meets the requirements established in this section.

2. The same deduction shall apply for each descendant, ascendant or for each collateral relative up to the fourth degree inclusive, whatever their age, who, living with the taxpayer

and not having, those relatives, annual incomes, not including exemptions, greater than double the minimum interprofessional wage in the tax period in question, are disabled or dependent persons.

In the case of ascendants, descendants and collateral relatives up to the fourth degree of consanguinity who live in residential centres, the deduction shall be made for those relatives of the closest degree who can prove, with the corresponding invoice, that they have paid amounts to cover the costs of their relatives stay in these centres. In the event that there are several relatives of the same degree who pay these expenses, the deduction shall be apportioned and applied among all of them in equal shares.

Likewise, this deduction shall be applicable when the person affected by the disability or dependency is linked to the taxpayer for reasons of guardianship or fostering formalised before the Public Entity with powers in matters of protection of minors or when the taxpayer, within the framework of the provisions of Title XI of the Civil Code, exercises guardianship with powers of representation with respect to the disabled person, provided that the rest of the circumstances provided in this section are met.

3. For each person aged 65 or over who, not being included in the list of family members or similar persons referred to in the previous section, has an income of less than double the minimum interprofessional wage, not including those exempt, and lives with the taxpayer, the deductions established in section 1 above shall be applied, according to the degree of dependency or disability.
4. The person with a disability or dependency, when filing their tax return for this tax, shall apply the deduction in full, unless they opt for it to be applied in full by the taxpayer with whom they live or on whom they are dependent, under the terms established in sections 2 and 3 above. In the event that this alternative is chosen and the person with a disability or dependency lives with several taxpayers, the deduction shall be prorated and applied equally by each of these taxpayers.

For the purposes of the provisions of Article 105 of this Provincial Regulation, the aforesaid option shall be made when filing the tax return. The option exercised for a tax period may not be modified once the voluntary tax return period has ended.

Article 83. Deduction for age.

1. For each taxpayer over 65 years of age, a deduction of 393 euros will be applied.

In the event that the taxpayer is over 75 years of age, the deduction referred to in the previous paragraph shall be 714 euros. The application of the provisions of this section shall require that the taxpayer has a tax base equal to or less than 20,000 euros.

2. Taxpayers over 65 years of age with a tax base of more than 20,000 euros and less than 30,000 euros shall apply a deduction of 393 euros minus an amount equal to 0.0393 multiplied by the amount resulting from reducing the tax base by 20,000 euros.
3. Taxpayers over 75 years of age with a tax base of more than 20,000 euros and less than 30,000 euros shall apply a deduction of 714 euros minus an amount equal to 0.0714 multiplied by the amount resulting from reducing the tax base by 20,000 euros.
4. For the purposes of this Article, the tax base shall be considered to be the amount resulting from adding the general tax base and the savings tax base provided for in Articles 65 and 66 of this Provincial Regulation. When the general taxable base shows a negative balance, it shall be computed as zero for the purposes of the aforesaid addition.

However, in the event that the reduction for compensatory pensions and maintenance annuities referred to in Article 69 of this Provincial Regulation is applied to the general

taxable base and, where applicable, to the savings taxable base, it shall reduce the tax base calculated under the provisions of the previous paragraph.

Article 83 bis. Deduction for the care of minors and persons with a certain degree of dependency or disability.

1. Taxpayers who pay amounts for the indefinite employment of workers affiliated to the Special Scheme for Household Employees within the General Social Security Scheme for the care of certain persons may apply a deduction of 250 euros per tax period.

When two or more taxpayers are entitled to apply this deduction, the amount shall be prorated equally among them.

2. The deduction shall be applicable when any of the following circumstances apply:
 - a) That the taxpayer lives with one or more persons under the age of 12, whether their descendants, adopted children, foster children or wards, who meet the cohabitation and income requirements that entitle them to apply the deduction provided for in Article 79 of this Provincial Regulation.
 - b) That the taxpayer lives with one or more descendants, adopted children, foster children or wards, ascendants in the direct line, by consanguinity, affinity or adoption, up to the second degree, who are considered persons with a disability with a degree equal to or higher than 65 per cent, or who have been recognised as being in a situation of dependency in any of its degrees, in accordance with the provisions of Royal Decree 174/2011, of 11 February, approving the scale for assessing the situation of dependency established by Law 39/2006, of 14 December, on the Promotion of Personal Autonomy and Care for Dependent Persons, and who meet the cohabitation and income requirements that entitle them to apply the deduction for descendants or ascendants provided for in Articles 79 and 81 of this Provincial Regulation.
 - c) That the taxpayer, or their spouse or registered domestic partner, has been recognised as having one of the degrees of dependency or disability referred to in point b) above.
3. To apply the deduction regulated in this article, the following requirements must be met:

- a) That any taxpayer who pays amounts for recruitment is registered with Social Security as an employer who is the holder of a family home, has recruited one or more persons on a permanent basis, for whom they contribute to the Special Scheme for Household Employees within the General Social Security Scheme during the period in which they intend to apply the deduction.

For these purposes, the above requirement shall be deemed met when employment is formalised through companies that provide personal assistance and care services in the home.

In the tax period in which recruitment or the termination of the employment relationship takes place, the minimum duration of the contract shall be 183 days.

- b) Taxpayers and, where applicable, their spouses or registered domestic partnerships, must carry out activities on a self-employed or employed basis for which they receive income from employment or from economic activities in the tax year, unless they have been recognised as having one of the degrees of disability or dependency that entitle them to apply the deduction provided for in Article 82 of this Provincial Regulation.
4. The amount of the deduction provided for in Section 1 above shall be 500 euros per tax period when the carer is considered a professional carer of persons referred to in points b) and c) of Section 2 above, under the terms established by the corresponding regulations.

Article 83 ter. Deduction for returning to the labour market after caring for minors.

1. Female taxpayers may apply, in the tax year in which they return to the labour market, after having suspended or ceased their employment, business or professional activity due to caring for minor descendants or adopted children, a deduction of 1,500 euros for each year of suspension or cessation elapsed from the end of paid and legally recognised leave for birth and childcare until their return to work.

This deduction shall be increased by 50 per cent when it involves multiple births or adoptions.

2. To apply the deduction, the following requirements must be met:
 - a) To have been registered with Social Security as an employee or self-employed person, a working member of a cooperative or a civil servant, for at least nine months within the 18 months immediately prior to the date of birth or formalisation of the adoption.
 - b) Not to have carried out any paid activity for at least 12 months immediately following the date of the end of paid and legally recognised leave for birth and childcare.
 - c) To have returned to the labour market within the period between the end of the minimum period of 12 months established in point b) above and the 12 months after the day on which the child giving rise to the right to apply the deduction reaches three years of age.

For these purposes, persons registered as job seekers and service users with Lanbide Basque Employment Service or other Public Employment Services shall also be considered to have returned to the labour market, under the conditions established by the corresponding regulations.

3. The requirement referred to in point b) of the previous section shall also be deemed met when the taxpayer has continued working during the period referred to in that point, but has during that period switched to a form of reduced working hours involving working a maximum of 67 per cent of the time corresponding to the full working day of their job.

When the circumstance referred to in this section arises, it shall be understood that the return to the labour market referred to in point c) of the previous section has occurred when the taxpayer returns to a working day that involves working at least 85 per cent of the time corresponding to the full working day of their job.

In these cases, the deduction provided for in Section 1 of this article shall be prorated according to the percentage reduction in working hours applied.

4. When the stoppage or cessation of activity has lasted for part of a year, the amount of the deduction shall be proportional to the number of days that fraction represents in relation to the total.

When there is more than one parent or adoptive parent living with the child giving rise to the right to apply the deduction, it will be applied equally in each of their tax returns.

5. Amounts not deducted due to an insufficient total tax liability in the tax period of return to the labour market may be applied in the returns for the following five tax periods.
6. For the purposes of this article, those persons linked to the taxpayer by reason of guardianship, permanent foster care or custody for the purposes of adoption formalised before the public entity with jurisdiction over the protection of minors shall be treated as descendants.

Article 83 quater. Deduction for the suspension, cessation or reduction of work, business or professional activity due to caring for minor descendants or adopted children.

1. Male taxpayers who suspend or cease their work, business or professional activity in order to care for descendants or adopted children under the age of four may apply a deduction of a maximum of 200 euros for each year of suspension or cessation that elapses from the end of paid and legally recognised birth and childcare leave, under the conditions set out in this article.

The deduction shall also apply when the taxpayer continues working and takes a form of reduced working hours due to caring for any of the persons referred to in the previous paragraph, involving working a maximum of 67 per cent of the time corresponding to the full working day of their job, provided that their full-time working hours are not less than 50 per cent of the legally established working day. In these cases, the deduction provided for in the first paragraph of this section shall be prorated according to the percentage reduction in working hours applied.

This deduction shall be increased by 50 per cent when it involves multiple births or adoptions.

When two men are entitled to apply this deduction, the amount shall be prorated equally among them.

2. To apply the deduction, the taxpayer must have been registered with Social Security as an employee or self-employed worker, working member of a cooperative or civil servant for at least nine months within the 18 months immediately preceding the date of birth or formalisation of the adoption.
3. When the stoppage or cessation of activity, or the reduction in working hours, has lasted for part of a year, the amount of the deduction shall be proportional to the number of days that fraction represents in relation to the total.
4. Application of the deduction provided for in this article shall be incompatible with application of the deduction provided for in Article 83 bis for the same minor in care during overlapping periods.
5. For the purposes of this article, those persons linked to the taxpayer by reason of guardianship, permanent foster care or custody for the purposes of adoption formalised before the public entity with jurisdiction over the protection of minors shall be treated as descendants.

Article 83 quinquies. Deduction for widowhood.

1. A deduction of 200 euros will be applied for each taxpayer who is widowed.

To apply this deduction, the taxpayer must have a tax base of 20,000 euros or less.

2. Taxpayers with a tax base of more than 20,000 euros and less than 30,000 euros shall apply a deduction of 200 euros minus the result of multiplying by 0.0200 the amount resulting from reducing the taxable income by 20,000 euros.
3. For the purposes of this article, the tax base shall be considered to be the amount resulting from adding the general tax base and the savings tax base provided for in Articles 65 and 66 of this Provincial Regulation. When the general tax base shows a negative balance, it shall be calculated as zero for the purposes of the aforementioned addition.
4. This deduction is incompatible with the deduction provided for in Article 83 of this Provincial Regulation.

Article 84. Determination of personal and family circumstances.

1. The determination of the personal and family circumstances to be taken into account for the purposes of the application of the deductions provided for in this Chapter shall be made on the basis of the situation existing on the date on which the tax is due.

For the calculation of these deductions, in no case shall the calculation be made in proportion to the number of days in the calendar year in which the circumstances required for the application thereof have arisen.

2. Notwithstanding the provisions of the previous section, when the person who generates the right to the deduction has died during the tax period, the determination of the personal and family circumstances to be taken into account for the purposes of the application of the deductions provided for in this Chapter shall be made taking into account the situation existing on the date of death of the said person, without the amount of the deductions being reduced proportionally up to that date.

CHAPTER III DEDUCTION FOR CONTRIBUTIONS MADE TO THE PROTECTED ESTATE OF THE DISABLED PERSON

Article 85. Deduction for contributions made to the protected assets of the disabled person.

1. Taxpayers may apply a deduction of 30%, with a maximum annual limit of 3,000 Euros, for contributions to the protected assets of persons with disabilities, regulated in Law 41/2003, of 18 November, on the protection of the assets of persons with disabilities and the modification of the Civil Code, the Civil Procedure Act and the Tax Regulations for this purpose.
2. The deduction referred to in the previous section may be applied by the following taxpayers:
 - a) Those who are related to the person with a disability in a direct or collateral line, up to the fourth degree inclusive.
 - b) The spouse or common-law partner of the person with disability.
 - c) Those who are linked to the person with a disability for reasons of guardianship or foster care or those who, within the framework of the provisions of Title XI of the Civil Code, exercise guardianship with powers of representation in respect of the person with a disability.

In no case shall contributions made by the person with a disability who is the owner of the protected assets be entitled to the application of this deduction.

3. In the case of non-monetary contributions, the amount of the contribution shall be taken as the amount resulting from the provisions of Article 21 of the Provincial Regulation 4/2019, of 20 March, on the Tax System for Non-Profit Entities and Tax Incentives for Patronage.
4. The purchases of goods and rights corresponding to the contributions to the protected patrimony of the disabled person referred to in this Article, shall be exempt from Inheritance and Gift Tax.

CHAPTER IV HOUSING DEDUCTIONS

Article 86. Deduction for rental of the habitual residence.

1. Taxpayers not included in the groups referred to in Section 2 of this article who pay rent for their habitual residence during the tax period may apply a deduction of 20 per cent of the amounts paid during the tax period, with a deduction limit of 1,600 euros per year.
2. The following groups may apply a deduction of 35 per cent of the amounts paid in the tax period, with a deduction limit of 2,800 euros per year:
 - a) Taxpayers who are members of a large family.
 - b) Taxpayers who form part of a family unit referred to in points B) and C) of Article 98.1 of this Provincial Regulation.
 - c) Taxpayers who are under the age of 36.
 - d) Taxpayers who have a recognised disability with a degree equal to or higher than 65 per cent, or have been recognised as having any of the degrees of dependency, in accordance with the provisions of Royal Decree 174/2011, of 11 February, approving the scale for assessing the situation of dependency established by Law 39/2006, of 14 December, on the Promotion of Personal Autonomy and Care for Dependent Persons, and those who live with such persons.
 - e) Taxpayers who are considered victims of domestic or gender violence, as accredited under the terms established by the corresponding regulations.
3. For the purposes of calculating the deduction provided for in the preceding paragraphs, the amounts paid shall be reduced by the amount of any subsidies that the taxpayer may have received, where applicable, for the rental of housing that are exempt in application of the regulations governing this tax.
4. For the purposes of this chapter, in order to determine the situations referred to in Section 2 above, the situation existing on the tax accrual date shall be taken into account.
5. In the event that joint taxation is chosen, when there are several persons entitled to apply the deduction who meet the requirements for the application of the increased deduction percentage provided for in Section 2 above and others who do not meet them, the percentage and limit provided for in that section shall apply.
6. In cases in which, by judicial decision, the obligation to pay the rent for the family home has been established at the sole expense of the taxpayer, he or she shall be entitled to make the deduction referred to in this article in their tax return. If such an obligation corresponds to both taxpayers, the deduction shall be apportioned between them and applied in the tax return of each of them in the corresponding proportion, with the percentage and the limit established in the first paragraph of Sections 1 and 2 of this article, as applicable to each of them.
7. For the purposes of the provisions of the previous sections, the amounts paid for the rental of the usual dwelling shall be assimilated to the amounts paid for the rental of the usual dwelling, the royalties or social rents paid for housing under a transfer of use system, which are considered to be the usual dwelling, by the members of housing cooperatives or other forms of association, or by the members of non-profit associations, provided that no complementary services typical of the hotel industry are provided, such as restaurant services, cleaning, laundry or other similar services, or social assistance or health services.

However, the amounts paid for the rental of permanent housing will not be assimilated to the amounts paid for the rental of permanent housing, the fees or social rents paid for housing under a system of transfer of use, which are considered permanent housing, which incorporate a right of purchase option or clause for the transfer of ownership, as well as those paid by members of housing cooperatives or other forms of association, or by members of non-profit associations, in which not all the conditions set out in the Third Supplementary Provision of Law 3/2015, of 18 June, on Housing, are met.

In the case of public subsidised housing developments carried out through the constitution of a surface right on land owned by a public administration, the indefinite nature of the right of use will be understood to be fulfilled when the duration of the right of use of the associates is in accordance with the duration of the aforesaid surface right.

8. The application of the deduction provided for in this article will require the taxpayer to have a general tax base and, where applicable, a savings tax base, equal to or less than 68,000 euros.

Article 87. Deduction for the purchase of a primary residence.

1. Taxpayers may apply a deduction of 18% of the amounts invested in the purchase of their main residence during the tax period, including the expenses incurred in this purchase which have been borne by them.

They may also apply a deduction of 18% of the interest paid in the tax period for the use of external capital for the purchase of their habitual residence, including the expenses arising from the external financing which they have had to bear.

2. The maximum annual deduction, for the sum of the items referred to in section 1 above, shall be 1,530 Euros.
3. The sum of the amounts deducted by each taxpayer for the items referred to in section 1 above, over successive tax periods, may not exceed the reduced figure of 36,000 Euros, where applicable, the result of applying 18% to the amount of the exempt equity gains for reinvestment under the terms provided for in Article 49 of this Provincial Regulation or by application of the provisions of Articles 42.(b) or 42.(c) thereof.
4. In cases in which the taxpayer is under 36 years of age the following special provisions shall apply:
 - a) The percentages established in section 1 above shall be 23%.
 - b) The maximum annual deduction established in Section 2 above shall be 1,955 euros. However, the maximum annual deduction limit shall not apply in the tax period in which the purchase of the habitual residence is formalised.

The provisions of the preceding points, with the exception of the last subparagraph of point b), shall apply to the taxpayers referred to in points a), b), d) and e) of Article 86(2) of this Provincial Regulation, except in the cases referred to in point b) of Section 5 of this article.

In the event that joint taxation is chosen and there are several persons entitled to apply the deduction who meet the requirements for the application of increased deduction percentages in accordance with the provisions of this section and others who do not meet them, the percentages and limits provided for in this section shall apply.

5. For the purposes provided for in this Article, the following shall be assimilated to the purchase of habitual residence:
 - a) Amounts earmarked for the refurbishment of the habitual residence.

- b) Amounts deposited in credit institutions, in accounts that meet the requirements for opening and withdrawal that are established by the corresponding regulations and provided that the amounts that have generated the right to the deduction are allocated for the purchase or refurbishment of the habitual residence.

The amounts deposited in each tax period that have been deducted must be used for the purpose set out in the previous paragraph before the end of the tax period in which six years have elapsed since the accrual of the tax corresponding to the tax periods in which the deduction was made became payable.

However, the period referred to in the previous paragraph shall be ten years when, on the date of accrual of the tax for the year in which the account was opened, the account holder is under 36 years of age.

Amounts deposited in the account after the expiry of the six-year period, or ten years where applicable, from the date of accrual of the tax corresponding to the tax period in which the account was opened, shall not be eligible for deduction.

It shall be understood that the requirement of withdrawal is not breached when the deposited amounts that have generated the right to the deduction are replaced or contributed in full to the same or to another credit institution prior to the accrual of the tax.

The requirement that the amount of the housing savings account be used for the purchase or renovation of the habitual residence shall not be understood to have been breached in the event of the death of the taxpayer before the end of the periods referred to in the second and third paragraphs of this point.

The amounts deposited in the accounts referred to in this point, which have generated the right to the deduction, may not be deducted again when they are used for the purchase or refurbishment of the habitual residence.

- c) The cases to be determined by regulation.

6. Refurbishment shall be understood to be work carried out by the owner on his or her habitual residence when a resolution has been issued classifying or declaring the same as a protected action by virtue of the provisions of Basque Government Decree 317/2002, of 30 December, on protected actions for the refurbishment of urbanised and built up heritage, or where applicable, it has been classified as a protected action in accordance with Royal Decree 2066/2008, of 12 December, or similar regulations that replace it.
7. In those cases in which, by judicial decision, the obligation to pay for the family dwelling has been established, any of the amounts referred to in section 1 above to be borne exclusively by the taxpayer, the latter shall be entitled to make the deduction referred to in this Article in his or her self-assessment. If such obligation corresponds to both taxpayers, the deduction shall be prorated between them and shall be applied in the self-assessment of each one in the corresponding proportion, with the percentage and limit established in sections 1 and 2 above, unless they meet the requirements established in section 4 of this Article, in which case they shall be entitled to apply the percentage and limit indicated in that section.
8. For the purposes of this Tax, the habitual residence shall be understood to be that in which the taxpayer resides for a continuous period of three years. However, it shall be understood that the dwelling has had that character when, despite this period not having elapsed, the death of the taxpayer occurs or circumstances arise that necessarily require a change of dwelling, such as the inadequacy of the dwelling for the degree of disability of the taxpayer, or of an ascendant, descendant, spouse or common-law partner, who cohabits with the taxpayer, or of a person who generates the right to make a deduction from the net tax liability, marital separation or termination of the domestic partnership, transfer of

employment, obtaining a first job or another job, financial circumstances that prevent the payment of the home within the aforesaid period, or other similar circumstances.

The dwelling that has been considered to be the habitual residence shall cease to be so from the moment that the taxpayer ceases to reside therein. Exceptions may be established by regulation.

Gardens, parks, swimming pools and sports facilities, garages and, in general, annexes or any other element that does not constitute the dwelling itself, shall not form part of the concept of habitual residence, except in cases where these form a single registered property with the dwelling.

In cases in which the members of the family unit own more than one urban property, only one of them shall be considered to be the habitual residence. For this purpose, the family unit shall be considered to be the one in which the family unit has its main centre of vital interests, personal, social and economic relations.

9. For the purposes of the deduction provided for in this Article, the amounts mentioned in the previous sections shall be reduced by the amount of any subsidies that the taxpayer may have received for the purchase or refurbishment of the dwelling which are exempt in application of the regulations governing this tax.
10. The application of the deduction provided for in this article will require the taxpayer to have a general tax base and, where applicable, a savings tax base, equal to or less than 68,000 euros.

Article 87 bis. Deduction for protected renovation.

Taxpayers who determine the net return on real estate capital in accordance with the provisions of Sections 2, 3, 4 and 5 of Article 32 of this Provincial Regulation may apply a deduction of 18 per cent of the amounts paid for the renovation of the rented dwelling, with a deduction limit of 3,000 euros per year.

For these purposes, refurbishment shall be understood to be work carried out by the owner on his or her rented dwelling when a resolution has been issued classifying or declaring such work as a protected action by virtue of the provisions of Basque Government Decree 317/2002, of 30 December, on protected actions for the refurbishment of urbanised and built heritage, or where applicable, it has been classified as a protected action in accordance with Royal Decree 2066/2008, of 12 December, or similar regulations that replace it.

Likewise, renovation shall be understood to mean the adaptation works and installations carried out in the habitual residence, as well as those modifying the common elements of the building that serve as a necessary passage between the urban property and the public thoroughfare, such as staircases, lifts, corridors, doorways or any other architectural element, or those necessary for the application of electronic devices that serve to overcome sensory communication barriers or promote the safety of disabled or dependent persons, under the conditions laid down by the corresponding regulations.

For the purposes of the deduction provided for in this article, the amounts mentioned in the previous paragraphs shall be reduced by the amount of any subsidies that the taxpayer may have received for the refurbishment of the dwelling which are exempt in application of the regulations governing this tax.

CHAPTER V. DEDUCTIONS FOR PROMOTING BUSINESS ACTIVITIES

Article 88. Deduction for investments and other activities.

1. Payers of this tax may apply the deductions to encourage investments in new non-current assets and the performance of certain activities provided for in Chapter III of Title V of the Provincial Corporation Tax Regulation, with equal percentages and deduction limits.

However, when applying the deductions regulated in Articles 64 bis, 65 bis and 66 quinquies of the Provincial Corporation Tax Regulation, the limit shall be 25 per cent. This limit shall also apply when the deductions provided for in Article 66 quater of this Provincial Regulation are allocated to the partners of economic interest groups, provided that the contributions made to such groups are classed as equity instruments with special characteristics as per accounting criteria.

2. The limits established for the application of the deductions referred to in Section 1 of this article shall apply to the total tax liability corresponding to the part of the general tax base comprising income from economic activities.
3. The deductions not applied due to insufficiency of the total tax liability may be applied respecting the same limits in the tax returns for tax periods that conclude in the 30 immediately following years.
4. In order to apply the deductions regulated in Articles 64 bis, 65 bis and 66 quinquies of the Provincial Regulation on Corporation Tax, it will be necessary to formalise the financing contract referred to in the aforementioned articles within the time limits established by the corresponding regulations. In any case, this should occur before the start of the voluntary period for filing the financier's personal income tax return.

The notifications referred to in Section 7 of Articles 64 bis and 65 bis and Section 10 of Article 66 quinquies of the Corporation Tax Law must be submitted within the same period.

5. For the purposes of the provisions of Article 117(3) of the General Provincial Tax Regulation of the Historical Territory of Bizkaia, to be able to apply the deductions contemplated in this article the taxpayer must expressly opt for their application when submitting the tax return for the tax year to which they correspond. The option exercised for a tax period may be modified at a later date once the voluntary tax return period has ended and provided that no prior request has been issued by the tax authorities.

Article 89. Deduction for employee participation in the company.

1. Taxpayers may apply a deduction of 10 per cent, with a maximum annual limit of 1,200 euros, and 15 per cent, with a limit of 1,800 euros for women, from the amounts paid in cash during the tax period for the purchase or subscription of shares or holdings in the entity or in any of the group of companies in which they provide their services as employees.
2. In addition to the above, the following requirements must be met:
 - a) The securities must not be admitted to trading on any of the regulated markets.
 - b) The entities must be considered to be micro, small or medium-sized enterprises, under the provisions of the Provincial Corporation Tax Regulation.
 - c) In the case of a group of companies as provided for in Article 42 of the Commercial Code, this deduction shall also apply with respect to the shares or holdings of any company forming part of the group and meeting the requirements provided in the two preceding points.

- d) The purchase or subscription must derive from an offer made to all the employees of the entities, under equal conditions for all of them, without discriminating against any or some of them.
 - e) Each employee, together with his or her spouse or common-law partner, and family members up to and including the fourth degree, must not have a direct or indirect holding in the entity or in any other group of more than 5%.
 - f) The shares or holdings giving entitlement to this deduction must be held for at least five years. Failure to comply with this deadline will give rise to the obligation to pay the amounts unduly deducted, with the corresponding interest for late payment. This payment shall be made by adding the amount unduly deducted to the differential tax liability corresponding to the tax period in which the non-compliance occurs. However, the taxpayer may choose to pay the amounts unduly deducted, with the corresponding late payment interest, at an earlier time.
 - g) In the case of contributions to the share capital of cooperatives, the contributions must be mandatory in accordance with the provisions of Law 11/2019, of 20 December, on Cooperatives in the Basque Country.
3. Similarly, taxpayers may apply a deduction of 10%, with a maximum annual limit of 6,000 Euros and 15 per cent, with a limit of 9,000 euros for women, of the amounts paid in cash in the tax period, from loans from Funds established by the Basque Public Administrations, which are used for the purchase or subscription of shares or holdings in the entity or in any of the group of companies, in which they provide their services as workers.

The securities purchased or subscribed must not be admitted to trading on any of the regulated markets and the entities to which they belong must be considered micro, small or medium-sized enterprises, under the provisions of the Provincial Corporation Tax Regulations.

Regulations may establish additional requirements for the application of the deduction contemplated in this section.

4. For the purposes of the provisions of Article 117(3) of the General Provincial Tax Regulation of the Historical Territory of Bizkaia, to be able to apply the deductions referred to in this article the taxpayer expressly must opt for their application when submitting the tax return for the tax year to which they correspond. The option exercised for a tax period may be modified at a later date once the voluntary tax return period has ended and provided that no prior request has been issued by the tax authorities.

Article 90. Deduction for investment in micro, small or medium-sized enterprises of new or recent creation, innovative or linked to the silver economy.

1. Taxpayers may apply a deduction of 25 per cent or 30 per cent if they are women, of the amounts paid for the subscription or purchase of shares or holdings in companies that are considered to be micro, small or medium-sized enterprises under the provisions of Article 13 of the Provincial Corporation Tax Regulation, and may, in addition to the temporary contribution to the capital, provide their business or professional knowledge suitable for the development of the entity in which they invest, under the terms established in the investment agreement between the taxpayer and the entity.

For this deduction to apply, the company must have the personal and material resources to carry out the new economic activity. This requirement shall not be considered to be met in the case of companies created as a result of a merger, spin-off, contribution of assets, global transfer of assets and liabilities, contributions of branches of activity, groupings of economic interest, temporary joint ventures and any other form or operation that does not actually and effectively imply the emergence of a new economic activity.

The subscription or purchase of shares or holdings in an entity through which the same activity is carried out as that previously carried out through another ownership shall not give entitlement to the application of this deduction.

2. The deduction established in the previous section shall be 35% and 40 per cent in the case of women, of the amounts paid, in the case of the subscription or purchase of shares or holdings in innovative companies or those whose corporate purpose is directly linked to the silver economy, which are considered to be micro, small or medium-sized enterprises under the provisions of Article 13 of the Provincial Corporation Tax Regulation.

For the purposes of the provisions of this section:

- a) Innovative enterprises shall be considered to be those which comply, in the exercise of taking the participation, with the provisions of Article 2(80) of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty.
 - b) The silver economy shall mean all the opportunities arising from the economic and social impact of the activities carried out and demanded by the senior citizens' sector. The requirements and conditions for considering that the corporate purpose of an entity is directly linked to this sector shall be determined by regulation.
3. The basis for the deduction referred to in the previous sections of this Article shall be the purchase value of the shares or holdings purchased or subscribed within the tax period, without the purchase value of shares or holdings that imply a holding in the capital of the entity of more than 25%, taking into consideration all the shares or holdings owned by the taxpayer and the persons or entities related to them under the terms provided in Article 42(3) of the Provincial Corporation Tax Regulation.

For the purposes of calculating the percentage referred to in the previous paragraph, the direct or indirect shareholding of the taxpayer shall be taken into account, together with that held in the same entity by their spouse or common-law partner or any person linked to the taxpayer by kinship, in a straight or collateral line, by consanguinity or affinity, up to and including the second degree.

4. To apply the deductions established in the previous sections:
 - a) The entity whose shares or participations are purchased or subscribed, with respect to which it is going to be applied, must take the form of Public Limited Company, Limited Liability Company, Cooperative, Labour Limited Company or Labour Limited Liability Company, under the terms provided in the consolidated text of the Capital Companies Law, approved by Royal Legislative Decree 1/2010, of July 2, and in Law 44/2015, of October 14, on Labour and Participated Companies, and not be admitted to trading in any organized market.

This requirement must be met during all the years of holding the share or holding and shall also be considered to be met when purchasing or subscribing for shares or holdings of entities resident abroad which have a legal form similar in nature to that of any of those referred to in this point (a).

- b) The shares or holdings in the entity must be purchased by the taxpayer, either at the time of its incorporation, or by means of a capital increase or purchased on the secondary market within five years of its incorporation, and remain in his or her assets for a period of more than five years.

In the case referred to in section 2(a) of this Article, the shares or units must be subscribed for or purchased within seven years of incorporation, although this period shall not apply in the case of institutions requiring an initial investment of risk finance which, on the basis of a

business plan drawn up with a view to entering a new geographical or product market, is more than 50% of their average annual turnover in the preceding five years.

5. This deduction shall not be applicable to investments made in entities that are in any of the following situations:
 - a) Companies that are subject to a pending recovery order following a previous decision of the European Commission that has declared an aid illegal and incompatible with the internal market.
 - b) Companies in difficulty under the terms of Article 2(18) of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty.
 - c) Undertakings which have surpassed or which will surpass on the issuance of the shares or units referred to in sections 1 and 2 of this Article the total amount of risk finance referred to in Article 21(9) of the Regulation referred to in the previous point.
6. To make this deduction, it shall be necessary to obtain a certificate issued by the entity whose shares or holdings have been subscribed or purchases, indicating compliance with the requirements demanded of that entity to be entitled to the corresponding deduction in the tax period in which the purchase of the shares or holdings took place.

In addition, in the case regulated in section 2(a), the entity must provide documentary evidence of compliance with the requirements established in Article 2(80) of the Regulation referred to in points (b) and (c) of the previous section.

7. The maximum amount deductible in the tax period may not exceed 20% of the taxable base corresponding to the taxpayer, and the same funds may not be deductible in more than one person or entity.

Amounts not deducted because they exceed the limits laid down may be applied, within the limits laid down, in the tax returns for the tax periods ending in the five years immediately following and thereafter.

8. In the event of non-compliance with the requirements referred to in sections 1 to 7 above, the taxpayer shall include, in the tax return corresponding to the tax period in which said non-compliance occurred, the amount derived from the deduction together with the corresponding late payment interest.
9. The practice of the deduction regulated in this Article constitutes an option that must be exercised with the filing of the return, within the meaning of the provisions of Article 105 of this Provincial Regulation. The option exercised for a tax period may be modified at a later date once the voluntary tax return period has ended and provided that no prior request has been issued by the tax authorities.

Article 90 bis. Deduction for investment in European Funds for promoting innovation.

1. Taxpayers may apply a deduction of 15% of the amounts paid in the tax period for the purchase of shares in European Funds for the promotion of innovation that meet the requirements provided in Article 4 of Provincial Regulation 02/2018, of 21 March.

Likewise, taxpayers may apply the same deduction for the amounts deposited in credit institutions in accounts earmarked for the purchase of shares in these funds.

2. The deduction referred to in the previous section may not exceed the amount of 750 Euros per year.

3. The units or amounts deposited must be held for a period of five years from the date of purchase or from the opening of the deposit.

The maintenance requirement shall not be deemed not to have been met in the event of the death of the taxpayer who owns the participations or deposit before the end of the period referred to in the previous paragraph.

Failure by the taxpayer to comply with the maintenance period established by the financial institution to allocate the amounts deposited for the purchase of shares in European Funds for the promotion of innovation or failure by the latter to comply with the requirements set out in Article 4 of Provincial Regulation 02/2018, of 21 March, will give rise to the obligation to pay the amounts unduly deducted, with the corresponding interest for late payment. This payment shall be made by adding the unduly deducted amount to the differential tax liability corresponding to the tax period in which any of the aforesaid non-compliance occurs. However, the taxpayer may choose to pay the unduly deducted amounts, with the corresponding late payment interest, at an earlier time.

4. The provisions of this Article shall not apply with respect to shares purchased in relation to which the taxpayer has applied the provisions of Article 48(4) of this Provincial Regulation.
5. The application of the deduction regulated in this article is an option that must be exercised when filing the tax return, in accordance with the provisions of Article 105 of this Provincial Regulation. The option exercised for a tax period may be modified at a later date once the voluntary tax return period has ended and provided that no prior request has been issued by the tax authorities.

CHAPTER VI DEDUCTIONS FOR DONATIONS

Article 91. Deductions for patronage activities.

1. Taxpayers may apply the deductions envisaged for this Tax in the Provincial Regulation on the tax system for non-profit organisations and tax incentives for patronage.
2. The base of the deduction referred to in this Article may not exceed 35% of the taxable base of this Tax, being considered as such the amount resulting from adding the general taxable base and the savings taxable base provided for in Articles 65 and 66 of this Provincial Regulation.

Amounts not deducted because this limit has been exceeded may be applied, within this limit, in the self-assessments for the tax periods ending in the five years immediately following and thereafter.

3. The application of the provisions of this article is considered an option that must be exercised when filing the tax return for the purposes of Article 105 of this Provincial Regulation. The option exercised for a tax period may be modified at a later date once the voluntary tax return period has ended and provided that no prior request has been issued by the tax authorities.

CHAPTER VI BIS DEDUCTIONS FOR CONTRIBUTIONS TO SOCIAL WELFARE SYSTEMS

Article 91 bis. Deduction for contributions to preferential Social Welfare Plans integrated into Voluntary Social Welfare Entities.

1. Contributions made by taxpayers to preferential social welfare plans integrated into Voluntary Social Welfare Entities will entitle them to a deduction in the total tax liability under the following conditions:

- a) When the total amount of employer contributions and payments is equal to or greater than 3 per cent and less than 5 per cent of the total gross annual salary in the employing entity, the deduction percentage shall be 15 per cent.
 - b) When the total amount of employer contributions and payments is equal to or greater than 5 per cent and less than 8 per cent of the total gross annual salary in the employing entity, the deduction percentage shall be 20 per cent.
 - c) When the total contributions and employer contributions made are equal to or greater than 8 per cent of the total gross annual salary in the employing entity or the taxpayer is under 36 years of age on the tax accrual date, the deduction percentage will be 25 per cent.
- 2. The deduction base shall consist of the sum of the contributions made by the taxpayer that derive from collective bargaining and have reduced the tax base under the terms provided for in this Provincial Regulation.
 - 3. Deductions not applied due to an insufficient total tax liability may be applied in the tax returns for the five immediately following tax periods.

Article 91 ter. Deduction for contributions to employment welfare systems in which the participants or full members are self-employed and for contributions to employment welfare systems made by self-employed who do not have employees.

- 1. Contributions made by taxpayers to employment social security systems in which the participants or full members are self-employed, including those created under the legislation of other Member States of the European Union or the European Economic Area, shall give rise to a deduction of 10 per cent from the total tax liability.

The percentage provided for in the preceding paragraph shall be 15 per cent when the contributions are made by taxpayers under the age of 36 on the date the tax becomes payable or when the contributions are made to Preferred Welfare Plans integrated into Voluntary Social Welfare Entities.

The deduction provided for in the preceding paragraphs shall also apply in the case of contributions to employment pension schemes made by self-employed persons who do not have employees.

- 2. The basis for deduction shall be the sum of the contributions made by the taxpayer that have reduced the tax base under the terms provided for in Article 71.1. c) of this Provincial Regulation.
- 3. Deductions not applied due to an insufficient total tax liability may be applied in the tax returns for the five immediately following tax periods.

**CHAPTER VI TER
DEDUCTIONS IN THE FIELD OF SUSTAINABLE MOBILITY, EFFICIENCY AND ENERGY
TRANSITION.**

Article 91 quater. Deduction for energy efficiency improvements and integration of renewable energies in homes.

- 1. Taxpayers may apply a deduction of 15 per cent of the amounts paid for the following works and/or installations:
 - a) Works carried out to reduce the demand for heating and cooling in their habitual residence or in any other property they own that was rented at the time, as established in Article 2 of Law 29/1994 of 24 November on Urban Leases.

- b) Works carried out to reduce the demand for heating and cooling in their habitual residence or other property they own that was rented at the time, as established in Article 2 of Law 29/1994 of 24 November on Urban Leases.
 - c) Energy renovation works carried out with the aim of improving the energy efficiency of buildings with predominantly residential use, in which the taxpayer owns a dwelling that constitutes their habitual residence or which they had leased at that time, as established in Article 2 of Law 29/1994, of 24 November, on Urban Leases.
2. For the purposes of this deduction, only the following works and installations are considered:
- a) The installation of the following generation equipment that allows the use of renewable energies:
 - a') Biomass boilers to cover the thermal demand (heating and domestic hot water) of the building or dwelling.
 - b') Aerothermal, hydrothermal and geothermal systems to cover the thermal demand (heating and domestic hot water of the building or dwelling).
 - c') Photovoltaic solar installations for individual or shared self-consumption in the building or dwelling.
 - d') Solar thermal installations to meet the domestic hot water demand of the building or dwelling.

The acquisition of shares, holdings or any other instruments that involve participation in the equity capital of entities in their capacity as partners, shareholders, associates, participants or similar, shall be treated in the same manner as the installation of the equipment referred to in the preceding points, provided that the corporate purpose of the entities consists mainly of carrying out projects aimed at generating thermal and/or electrical energy from renewable resources by investing in the aforementioned equipment. The aforementioned instruments must be subscribed either at the time of incorporation or in a capital increase carried out within five years of said incorporation.

The taxpayer's direct or indirect participation may not exceed 10 per cent of the entity's share capital or voting rights. When the taxpayer is part of a family unit, for the purposes of applying this limit, the holdings of all members of the family unit shall be taken into account.

- b) Projects aimed at improving the energy efficiency of housing through individual or collective actions in the entire building, resulting in a reduction of at least 30 per cent in non-renewable primary energy consumption, or improving the energy rating of the dwelling or building to obtain an "A" or "B" energy category rating.
3. The basis for the deduction shall cover the amounts paid for the works and installations referred to in Section 2 of this article.

For these purposes, the amounts paid for the works and installations shall be considered to be those necessary for their execution, including professional fees, costs of drafting technical projects, construction management, costs of carrying out works or installations, investment in equipment and materials and other expenses necessary for their development, as well as the issuance of the corresponding energy efficiency certificates. Similarly, the amounts paid for the acquisition of shares, holdings or any other instruments that involve participation in the equity of the entities referred to in the last two paragraphs of Section 2(a) above shall be included in the deduction base. In any case, costs relating to

the installation or replacement of equipment in facilities that use fossil fuels shall not be included in these amounts.

Where the work is carried out by a community of property owners, the amount eligible for deduction for each taxpayer shall be determined by applying the taxpayer's share of the amounts paid by the community of owners, as referred to in the previous paragraph, to the total amount paid by the community of property owners.

The maximum annual deductible base shall be 20,000 euros.

When grants have been received or are to be received through a public aid programme that are exempt under the regulations governing this tax, the deductible base resulting from the provisions of the previous paragraphs will be reduced by the amount of these grants.

4. Deductions not applied due to an insufficient total tax liability may be applied in tax returns for tax periods ending in the five immediately following years.
5. This deduction is incompatible with the deductions provided for in Articles 87 and 87 bis of this Provincial Regulation for the same amounts invested.
6. In order to apply the deductions provided for in this article, the following documentation must be provided:
 - a) For the installation of generation equipment provided for in Section 2(a) of this article, a responsible declaration from the taxpayer detailing the equipment installed, together with the corresponding installer's certificate and, where applicable, the registration of the installation with the competent authority.

In the case of solar photovoltaic installations for self-consumption, whether individual or shared, of the building or dwelling, an Electrical Installation Certificate (CIE) must also be included, in accordance with the Low Voltage Electrotechnical Regulations (for electrical installations of any type), issued by the installation company and stamped by the competent body, as well as the responsible declaration of commissioning of generation elements with the stamp of the competent body.

When acquiring shares, holdings, or any other instruments that involve participation in the equity capital of entities whose primary purpose is to generate thermal and/or electrical energy from renewable resources through the facilities described in Section 2.a), the deduction shall be accredited by means of a certificate issued by the entity itself certifying compliance with the required conditions by both the entity itself and the person acquiring the shares or holdings, attaching in addition the identification of the entry in the administrative register of electricity self-consumption of electrical energy of the solar photovoltaic installations of the entity itself, or, where applicable, the aforementioned responsible declaration.

- b) In the case of the projects referred to in Section 2(b) of this article, energy efficiency certificates for the dwelling or building, issued by competent technical personnel before and after the completion of the projects, certifying compliance with the requirements set out in that point.

Energy efficiency certificates must have been issued and registered in accordance with the provisions of Royal Decree 390/2021 of 1 June, which approves the basic procedure for the certification of the energy efficiency of buildings.

For the purposes of demonstrating compliance with the requirements for this deduction, certificates issued before the start of the works shall be valid provided that no more than two years have elapsed between the date of issue and the start of the works.

- c) Invoices corresponding to the amounts invested in the works referred to in this article.

When acquiring shares, holdings, or any other instruments that represent participation in the equity capital of entities whose primary purpose is to generate thermal and/or electrical energy from renewable resources through the facilities described in Section 2.a), documentary evidence of the amounts paid to subscribe to them.

7. Amounts invested in equipment and entities provided for in Section 2 of this article that are used to carry out economic activities, as well as works carried out in the part of the dwelling used for economic activities, shall not give rise to this deduction.
8. Without prejudice to the provisions of Section 4 of this article, the deduction shall be applied when it is demonstrated that all the requirements established for its application are met in:
 - The tax period in which, having acquired the equipment for the generation or use of renewable energy, the corresponding certificates are available or in which the shares or holdings in the equity of entities are acquired, in the cases provided for in Section 2(a).
 - The tax period in which the energy efficiency certificate is issued, in the cases provided for in Section 2(b).

Article 91 quinquies. Deduction for the acquisition of certain environmentally friendly vehicles.

1. Taxpayers may deduct 5 per cent of the acquisition value of a new vehicle that meets the following requirements:
 - 1.º The vehicles must belong to one of the following categories:
 - a) M1 passenger cars: Motor vehicles with at least four wheels designed and manufactured for the transport of passengers, which have, in addition to the driver's seat, a maximum of eight seats.
 - b) Light quadricycles (L6e): Light quadricycles with an unladen mass of less than or equal to 425 kg, not including the mass of the batteries, with a maximum design speed of less than or equal to 45 km/h and a maximum power of less than or equal to 6 kW.
 - c) Heavy quadricycles (L7e): Four-wheeled vehicles with a mass in running order, excluding the weight of the batteries, of less than or equal to 450 kg in the case of passenger transport and 600 kg in the case of goods transport, which cannot be classified as light quadricycles.
 - d) Motorcycles (L3e, L4e, L5e): Vehicles with two wheels or with three wheels symmetrical or asymmetrical relative to the longitudinal centre line of the vehicle, with a capacity of more than 50 cm³ or a speed greater than 50 km/h and a gross vehicle weight not exceeding one tonne.
 - 2.º Vehicle models must be listed in the Vehicle Database of the Institute for Energy Diversification and Saving (IDAE) and meet the following requirements:
 - a) Vehicles belonging to the M1 category must be one of the following types:
 - i) Battery electric vehicles (BEVs), powered entirely and exclusively by electric motors whose energy comes, wholly or partially, from the electricity in their batteries, using energy from a source external to the vehicle, such as the electricity grid, for recharging.
 - ii) Range-extended electric vehicles (REEVs), powered entirely and exclusively by electric motors whose energy comes, wholly or partially, from the electricity in

their batteries, using energy from a source external to the vehicle for recharging and incorporating a petrol or diesel internal combustion engine to recharge the batteries.

iii) Fuel cell electric vehicles (FCVs): Electric vehicles that solely use electrical energy generated by an on-board hydrogen fuel cell.

iv) Fuel cell hybrid electric vehicles (FCHVs): Fuel cell electric vehicles also equipped with rechargeable electric batteries.

b) Vehicles in the L category must meet the following requirements:

i) They must be powered exclusively by electric motors and be approved as electric vehicles.

ii) New electric motorcycles in categories L3e, L4e and L5e must have lithium batteries, an electric motor with a power rating equal to or greater than 3 kW and a minimum range of 70 km.

3.º The vehicles must not be used for economic activities.

4.º They must be registered for the first time in Spain in the name of the taxpayer.

2. The deduction provided for in the previous paragraph shall be 10 per cent of the acquisition value when the taxpayer has scrapped a vehicle of which they are the owner under the conditions established by the corresponding regulations.

3. The base of this deduction shall consist of the acquisition value of the vehicle, including the costs and taxes inherent to its acquisition.

The maximum base for this deduction shall be 10,000 euros in the case of motorcycles L3e, L4e and L5e and 40,000 euros in all other cases.

When grants have been received or are to be received through a public aid programme that are exempt under the regulations governing this tax, the base resulting from the provisions of the previous paragraph will be reduced by the amount of these grants.

The taxpayer may apply the deduction provided for in this section for a single purchase of any of the vehicles referred to in Section 1 above.

4. For the purposes of this deduction, leasing arrangements under which the lessor makes one of the vehicles referred to in Section 1 above available to the taxpayer in exchange for the payment of agreed instalments over a specified period of time shall be treated as equivalent to acquisition.

In the case provided for in the previous paragraph, the base for the deduction shall consist of the total instalments paid in the tax period, taking into account in all cases the maximum base established in Section 3 above.

5. If, after acquisition, the vehicles referred to above are allocated to an economic activity, the right to the deduction applied shall be lost and the taxpayer shall be required to regularise their tax situation in the tax return corresponding to the tax period in which said allocation takes place. The regularisation shall also include the corresponding late-payment interest.

Article 91 sexies. Deduction for the installation of electric vehicle charging points.

1. Taxpayers may apply a deduction of 15 per cent of the amounts paid for the installation, on property they own or in a communal garage in which they hold a share as owner, of charging points for electric vehicles owned by the taxpayer and used for private purposes.
2. The base for the deduction referred to in Section 1 above shall have a maximum limit per taxpayer of 5,000 euros for each installation and shall be applied in the tax period in which the installation of the electric vehicle charging point on the property or in the communal garage is completed and brought into operation.
3. From the amounts forming part of the base of the deduction, there shall be deducted the amount of any subsidies exempt from this tax that the taxpayer may receive, where applicable, for the deductible item concerned.

CHAPTER VII OTHER DEDUCTIONS

Article 92. Deduction for international double taxation.

1. When the taxpayer's income includes income or equity gains obtained and taxed abroad, the lesser of the following amounts shall be deducted:
 - a) The effective amount of the amount paid abroad by reason of a tax of an identical or analogous nature to this Tax or to Non-Resident Income Tax on said income or equity gains.
 - b) The result of applying the average general or savings tax rate to the income obtained abroad, depending on the part of the general or savings taxable base in which this income has been included.
2. When the taxpayer's income includes work from income derived from the permanent provision of services abroad, the taxpayer may opt to make a deduction to avoid international double taxation, as an alternative and incompatible with that regulated in the previous section of this Article, of 50% of the part of the total tax liability corresponding to the aforesaid work from income.

For the application of the provisions of this section it shall be necessary for the taxpayer to spend more than one hundred and eighty-three days of the tax period abroad performing the duties corresponding to the employment contract from which the income referred to in the previous paragraph derives, which in any case must be performed exclusively abroad.

The provisions of this section shall not apply when the exemption provided for in number 17 of Article 9 of this Provincial Regulation or the system of excesses excluded from taxation provided for in the Personal Income Tax Regulations is applied.

The application of the provisions of this section is considered an option that must be exercised with the submission of the self-assessment for the purposes of the provisions of Article 105 of this Provincial Regulation, and cannot be amended once the voluntary self-assessment period has ended.

Article 93. Deduction for dues paid to trade unions and for dues and contributions to political parties.

1. Taxpayers may apply a deduction of 20% for the contributions paid to trade unions.
2. Similarly, taxpayers may apply a deduction of 20% for membership fees and contributions to political parties.

The amounts deducted as an expense under the terms provided for in Article 22(b) of this Provincial Regulation shall not form part of the base for this deduction.

3. Only those taxpayers included in the information forms referred to in Article 116(h)(i) of this Provincial Regulation may apply the deductions provided for in the previous sections.

CHAPTER VII BIS

SPECIAL REGIME FOR THE APPLICATION OF CERTAIN DEDUCTIONS BY TAXPAYERS

Article 93 bis. Special regime for the application of certain deductions by taxpayers

1. Taxpayers may deduct the amounts corresponding to the deduction provided for in Article 86 of this Provincial Regulation that could not be deducted in the tax period in which the right to apply it arose due to an insufficient total tax liability, respecting the percentages, limits and other requirements established for the original tax period.

In addition, taxpayers under 36 years of age may deduct the amounts corresponding to the deductions provided for in Articles 79 and 87 of this Provincial Regulation that could not be deducted in the tax period in which the right to apply them arose due to an insufficient total tax liability, respecting the percentages, limits and other requirements established for the original tax period.

The amounts not deducted referred to in the preceding paragraphs may be applied in the returns for the tax periods ending in the five years immediately following the tax period from which they arise, without the possibility of applying them outside the five-year period by accumulation with deductions pending from subsequent tax periods.

In the case of deductions generated under Articles 79 and 87, it shall also be a requirement that, on the date of accrual of the tax in the tax period in which they are to be applied, the taxpayer is under 36 years of age.

2. The provisions of Section 1 shall be applied in the first tax period in which there is sufficient total tax liability and prior to the application of deductions generated for the same items in the tax period in which the outstanding deductions are applied, in whole or in part.

CHAPTER VII TER

COMMON RULES FOR THE APPLICATION OF DEDUCTIONS

Article 93 ter. Common rules for the application of deductions.

1. The application of deductions from the total tax liability established in this Provincial Regulation that have not been applied due to an insufficient tax liability, where they provide for the possibility of being applied in the immediately following and successive tax periods, shall be carried out respecting the percentages, limits and other requirements established for the original tax period, up to the maximum amount permitted in each of the following tax periods and without the possibility of being applied beyond the maximum period established for each deduction by accumulation with deductions pending from subsequent tax periods.
2. The provisions of the previous section shall be applied in the first tax period in which there is a sufficient total tax liability and prior to the application of the deduction generated for the same item in the tax period in which the outstanding deductions are applied, in whole or in part.
3. The provisions of the preceding sections shall not apply to the deduction provided for in Article 88 of this Provincial Regulation, which shall be applied under the terms established in that article.

CHAPTER VIII DOCUMENTARY JUSTIFICATION

Article 94. Documentary justification.

The application of the deductions regulated in this Title shall be subject to the provision of the documents justifying them. These documents must comply with the requirements of the rules governing the duty to issue and deliver invoices incumbent on entrepreneurs and professionals, where applicable.

TITLE VIII DIFFERENTIAL TAX

Article 95. Differential tax.

1. The differential tax liability shall be the result of reducing the total tax liability by the following amounts:
 - a) Withholdings, payments on account and fractioned payments provided for in the tax regulations.
 - b) Withholdings referred to in Article 106(3) of this Provincial Regulation.
 - c) When the taxpayer acquires his status due to a change of residence, the withholdings and payments on account referred to in Article 106(2) of this Provincial Regulation, as well as the non-resident income tax payments paid and accrued during the tax period in which the change of residence takes place.
2. Deduction of the amounts mentioned in the previous section shall be conditional, in all cases, on the documentary justification of the same.

TITLE IX TAX LIABILITY

Article 96. Tax liability.

1. The tax liability shall be made up of the tax liability and, where applicable, of the other items included in sections of Article 56(1)(2) of the General Tax Regulations of the Historical Territory of Bizkaia.
2. Taxpayers shall be obliged to pay the tax liability.

TITLE X JOINT TAXATION

Article 97. Option for joint taxation.

1. Individuals forming part of a family unit of any of the types indicated in the following Article may opt, in any tax period, to pay this Tax jointly, in accordance with the general rules of this Tax and the special provisions contained in this Title, provided that all its members are taxpayers of this Tax.

When the members of a family unit reside in different territories and opt for joint taxation, the provisions of point (a) of number 1 of Article 2 of this Provincial Regulation shall apply.

...

2. The option for joint taxation shall not be binding for successive tax periods.
3. The option for joint taxation must cover all the members of the family unit. If one of them does not apply the rules for joint taxation or files an individual self-assessment, the remaining members of the family unit shall use the same system.
4. For the purposes of the provisions of Article 117(3) of the General Tax Regulations of the Historical Territory of Bizkaia, the option must be exercised by the first member of the family unit to file the return and may not be modified during the voluntary tax return period. However, once the voluntary declaration period has ended, the option exercised may be modified provided that no new action has been taken by the Tax Authority.
5. In cases where taxpayers have not submitted the corresponding self-assessment, it will be understood that they pay tax individually.

Article 98. Family unit modalities.

1. The following shall constitute a family unit:
 - A) A unit formed by spouses who are not legally separated, as well as the members of the registered domestic partnerships and, if applicable:
 - a) Minor children, with the exception of those who, with the consent of the parents or adoptive parents, live independently of them.
 - b) Adult children who, within the framework of the provisions of Title XI of the Civil Code, are subject to curatorship with powers of representation, provided that this is exercised by their parents or adoptive parents.
 - c) Minors linked to the taxpayer due to permanent foster care or custody for the purposes of formal adoption formalised before the public entity with jurisdiction over child protection matters.
 - B) That in which there is only one parent, adoptive parent or foster parent, together with the persons referred to in points a), b) and c) of point A) above.
 - C) That formed by the taxpayer or taxpayers together with the persons referred to in points a), b) and c) of point A) above whose custody has been attributed on the grounds of domestic or gender-based violence, as established by the corresponding regulations. For these purposes, the financial dependence referred to in point D) of the persons whose custody has been attributed shall not be taken into account.
 - D) Likewise, in cases of legal separation or where there is no marriage or registered domestic partnerships, as well as in cases where there is a court ruling to that effect, the family unit shall be that formed by the parent or adoptive or foster parent and all persons who are exclusively financially dependent on them and who meet the requirements referred to in points a), b) and c) of point A) above.

Unless evidence to the contrary is provided, it shall be presumed that both parents, adoptive parents or foster parents contribute to the financial maintenance of their children or foster children.

For these purposes, the following shall not constitute proof of exclusive financial maintenance by a single parent, adoptive parent or foster parent: the filing of an individual personal income tax return, a responsible declaration by one of them stating that they do not contribute to said maintenance, the artificial allocation of expenses to one person, the withdrawal of parental authority from one person, the absence of cohabitation of one person with the rest of the family members or the existence of debts preventing one person from providing maintenance, in accordance with insolvency legislation.

Other additional cases may be established by the corresponding regulations.

Notwithstanding the above, in the cases referred to in this point, the provisions of the competent judicial authority shall apply and the reality and effectiveness of the aforementioned exclusive financial support must be proven.

2. No one may form part of two family units at the same time.
3. Members of the family unit shall be determined on the basis of the situation existing on 31 December of each year.

In the event of the death during the year of any member of the family unit, the remaining member or members of the family unit may opt for joint taxation, including in the tax return the income of the deceased person and, where applicable, the deductions provided for in this Provincial Regulation, to which the deceased person who has formed part of the family unit is entitled, without the amount of any such deductions being reduced proportionally up to that date. Nor shall the amount of the reduction for joint taxation referred to in Article 73 of this Provincial Regulation be subject to proportional reduction.

Article 99. Rules applicable to joint taxation.

1. In joint taxation, the general rules of this Tax on the determination of the income of the taxpayers, determination of the taxable and net taxable bases and of the tax liability shall be applicable, with the special features set out in this Article.
2. The amounts and quantitative limits established for the purposes of individual taxation shall be applied in identical amounts in joint taxation, without their increase or multiplication depending on the number of members of the family unit.

Notwithstanding the provisions of the previous paragraph:

- a) When there is more than one recipient of income from work, the allowance referred to in Article 23 of this Provincial Regulation shall be applied taking into account the total income from work, regardless of the number of recipients.
- b) In accordance with the general rules of this tax, negative balances of income from business activities, negative balances of the savings tax base, equity losses and negative general net taxable bases, made and not offset by the taxpayers making up the family unit in previous tax periods in which they have paid tax individually, shall be offset under the general rules of this tax.

The aforesaid items may only be offset, in the event of subsequent individual taxation, by those taxpayers to whom they correspond in accordance with the rules on individualisation of income contained in this Provincial Regulation.

- c) The maximum limits of reduction of the general taxable base foreseen in Articles 71 and 72, as well as in the eighth supplementary provision of this Provincial Regulation, shall be applied individually for each participant, mutualist, insured person or member integrated in the family unit. Likewise, the proportion of the taxable base of each contributor shall be taken into account for the purposes of the provisions of Article 67 of this Provincial Regulation.
- d) The deduction provided for in Article 83 of this Provincial Regulation shall be applied for each taxpayer who is of the age referred to in this Article. For this deduction to be applied, the taxable base for joint taxation, calculated under section 4 of the aforesaid Article, must be equal to or less than 35,000 Euros.
- e) The figure of 36,000 Euros referred to in Article 87(3) of this Provincial Regulation shall be applied individually for each taxpayer. However, the maximum annual deduction

referred to in Article 87(2)(4) of this Provincial Regulation may not exceed, respectively, the amounts of 1,530 and 1,955 Euros, regardless of the number of members of the family unit, except in the case of a joint declaration of the family units referred to in Article 98(1) of this Provincial Regulation in which case these limits shall be doubled.

- f) The maximum limit provided for in Article 90 bis of this Provincial Regulation shall be applied for each taxpayer who purchases shares or deposits amounts in credit institutions under the provisions of the aforesaid Article.
- g) The deduction provided for in Article 93 of this Provincial Regulation shall be applied for each taxpayer who pays contributions to trade unions.
- h) In the cases provided for in Article 93 bis of this Provincial Regulation, where in the tax period in which pending deductions are to be applied joint taxation is chosen and there are several persons entitled to apply any such deductions, some under 36 years of age and others over that age, the provisions of Section 1 of Article 93 bis shall apply.

Deductions eligible for carry-forward generated by taxpayers who are members of the family unit in previous tax periods in which they were taxed individually may be applied in joint taxation, respecting the same limits, percentages and requirements as in the original tax period.

In the event of subsequent individual taxation, deductions applicable under Article 93 bis of this Provincial Regulation may be applied by the taxpayers who generated the right to their application, with the rule on the distribution of unused deductions referred to in the following paragraph applying where appropriate.

Where the deductions were generated in the tax period in which joint taxation was applied and could not be deducted in that tax period due to an insufficient total tax liability, for the purposes of subsequent individual taxation each taxpayer may apply the amount of the deduction pending application that they generated. When the amount corresponding to each member of the family unit cannot be determined, it shall be distributed equally among the adult members of the family unit.

- i) In cases where joint taxation is chosen, the deductions from the total tax liability established in this Provincial Regulation that provide for the possibility of being applied in the tax periods immediately following and subsequent to those in which they are generated shall be applicable, under the terms laid down in each case, when, due to an insufficient tax liability, they have not been applied by the taxpayers comprising the family unit in previous tax periods in which they were taxed individually, respecting the same limits, percentages and requirements as those applicable in the original tax period.

The aforementioned deductions shall be applicable exclusively, in the event of subsequent individual taxation, by those taxpayers who generated them. When the amount corresponding to each member of the family unit cannot be determined, it shall be distributed equally among the adult members of the family unit.

- 3. Income of any kind obtained by individuals forming part of a family unit who have opted for joint taxation shall be taxed cumulatively.
- 4. The self-assessment for joint taxation shall be signed and submitted by the members of the family unit of legal age who shall act on behalf of the minors included in it under the terms of Article 44(1) of the General Taxation Regulations of the Historical Territory of Bizkaia.
- 5. All the members of the family unit shall be jointly and severally liable for this Tax, without prejudice to the right to apportion the tax liability among themselves, according to the part of the taxable income corresponding to each of them.

TITLE XI TAXATION PERIOD AND ACCRUAL

Article 100. Taxable and accrual period: general rule.

1. The tax period shall be the calendar year.
2. The tax shall become chargeable on 31 December of each year, subject to the provisions of the following Article.

Article 101. Tax period of less than one calendar year.

1. The tax period shall be less than the calendar year when the death of the taxpayer occurs on a day other than 31 December.
2. In the case provided for in the previous section, the tax period shall end and the tax shall accrue on the date of death, without prejudice to Article 98(3) of this Provincial Regulation for cases where joint taxation is opted for.

TITLE XII MANAGEMENT

CHAPTER I DECLARATIONS

Article 102. Obligation to declare.

1. Taxpayers shall be obliged to file and sign a tax return for this Tax, with the limits and conditions established by regulation.

Tax returns shall be filed via the electronic platform of the Bizkaia Provincial Council, in accordance with the provisions of Section 6 of this article.

2. However, taxpayers who obtain income exclusively from the following sources shall not be obliged to file a tax return:
 - a) Total income from work, with the limit of 20,000 Euros per year in individual taxation. This limit will operate in joint taxation with respect to each of the taxpayers who obtain this type of income.
 - b) Gross income from capital and capital gains, including in both cases exempt income, which together do not exceed 1,600 euros per year.

The provisions of this point shall not apply with respect to equity gains from transfers or redemptions of shares or participations of collective investment institutions in which the withholding base, under the provisions of the regulations, should not be determined by the amount to be included in the taxable base.

3. On the basis of the draft tax returns provided by the Department of Tax and Finance, referred to in Article 104 of this Provincial Regulation, taxpayers must modify and/or complete all the data affecting them contained therein, as well as accompany their return with the documents and supporting documents established or to be established.
4. The successors of the deceased shall be obliged to comply with the obligations to file and subscribe the pending returns for this Tax, excluding penalties, under Article 38 of the General Tax Regulations of the Historical Territory of Bizkaia.

5. Taxpayers are obliged to notify the Tax Authority of any changes of residence that give rise to changes in the competence to levy the Tax.
6. Declarations for this Tax, as well as any rectifications or appeals in administrative proceedings that may be appropriate, must be made using computerised, electronic or telematic means through the electronic headquarters of the Provincial Council of Bizkaia.

The procedures for submitting these returns, rectifications and appeals through the Bizkaia Provincial Council's electronic platform, as well as the cases in which the tax authorities will provide personal assistance in the filing of tax returns, shall be established by the corresponding regulations.

Article 103. Declaration and payment of the tax liability.

1. Taxpayers, at the time of filing the tax return in which they state that the taxable event has taken place, must communicate the data necessary for the Administration to quantify the tax liability by means of a provisional settlement.
2. Notwithstanding the provisions of Article 60 of the General Taxation Regulations of the Historical Territory of Bizkaia, the tax debt resulting from the provisional settlement of this Tax must be paid or, where appropriate, paid in instalments by the taxpayer in the manner and by the deadlines determined by regulation.
3. The Provincial Council may accept payment of the tax liability by delivery of the following assets:
 - a) Those forming part of the Basque Cultural Heritage that are considered to be cultural assets of medium or special protection under the provisions of Law 6/2019, of 9 May, on Basque Cultural Heritage.
 - b) Those belonging to Spanish Historical Heritage that are registered in the General Inventory of Movable Property or in the General Register of Assets of Cultural Interest, under the provisions of Article 73 of Law 16/1985, of 25 June, on Spanish Historical Heritage.

Income arising from the donation in payment of the assets referred to in points (a) and (b) above shall not be included in the taxable base, nor in the cases referred to in Article 58(2) of the General Taxation Regulations of the Historical Territory of Bizkaia.

4. The successors of the deceased shall be obliged to comply with the outstanding tax obligations for this Tax, excluding penalties, under Article 38 of the General Provincial Tax Code.

Article 104. Procedure initiated by the submission of a declaration.

1. Prior to the taxpayer submitting the return, the Department of Tax and Finance, through the electronic headquarters of the Provincial Council of Bizkaia, will make a draft return available to the taxpayer, which, where applicable, will contain a result to be refunded or paid, based on the data, background information or other elements available to it.

For the sole purpose of generating the draft return, and in those cases determined by regulation, the Tax Authority may use certain parameters to obtain the result, which may be modified by the taxpayer in his or her return.

2. When the Treasury and Finance Department has made available a draft return with a refundable result:
 - a) If the taxpayer expressly states, through the electronic office of the Provincial Council of Bizkaia, that they agree with the data it contains, a provisional settlement will be made

and the taxpayer will be paid the amount to be refunded within the period established for this purpose.

- b) If the taxpayer tacitly agrees with the draft return, neither expressly stating their agreement or disagreement with its contents, a provisional settlement shall be made and the amount to be refunded shall be paid to the taxpayer within a period that shall be later than that referred to in the previous point.

In the two previous cases, the obligation to file a tax return for this Tax shall be deemed to have been fulfilled.

- c) If the taxpayer rejects the tacit submission of the return referred to in point (b) above, they shall be obliged to submit the return expressly, and shall modify and/or provide, where appropriate, the data and documentation necessary for the settlement of the Tax through the electronic office of the Provincial Council of Bizkaia.

In the event that the taxpayer does not file a return in the circumstances described in the previous paragraph, the return shall be deemed not to have been filed.

- 3. When the Department of Taxation and Finance has made available a draft tax return with a result to be paid and the taxpayer agrees with it, they must expressly give his or her agreement through the electronic office of the Provincial Council of Bizkaia before the end of the voluntary period for filing returns.

In the aforesaid case, the obligation to file the tax return for this Tax shall be deemed to have been fulfilled.

If the taxpayer does not expressly agree, they will be obliged to file a return within the voluntary return filing period, and must modify and/or provide the data and documentation necessary for the settlement of the Tax via the electronic office of the Provincial Council of Bizkaia.

In the event that the taxpayer does not file a return in the circumstances described in the previous paragraph, the return shall be considered not to have been filed.

- 4. When the Treasury and Finance Department has made available a draft return that does not contain economic data, the taxpayer must modify and/or provide the data and documentation necessary for the settlement of the Tax, in accordance with the procedure to be determined by regulations.
- 5. When the taxpayer considers that the draft return made available by the Department of Treasury and Finance does not reflect their tax situation for the purposes of this Tax, they must modify and/or provide the data and documentation necessary for settling the Tax, under the procedure determined in accordance with the regulations.
- 6. The procedure described in the previous sections does not prevent the draft tax return provided from being modified by the Tax Authority, with the prior agreement of the taxpayer, before the tax return is filed.
- 7. In any case, the provisional settlement issued may be subject to review in accordance with the corresponding procedure, under the provisions of Provincial Regulation 2/2005, of 10 March, on the General Taxation of the Historical Territory of Bizkaia.

Article 105. Options to be exercised when submitting the self-assessment.

For the purposes of the provisions of section 3 of Article 117 of the General Taxation of the Historical Territory of Bizkaia, the following shall be understood in this tax are options to be exercised when submitting the self-assessment tax return:

- a) The exemption of income from work received for work effectively carried out abroad, regulated in number 17 of Article 9 or the application of the excess system in substitution of this exemption, referred to in the same number.
- b) Reinvestment of windfall profits, governed by Article 25(3).
- c) Offsetting negative balances from previous years, regulated in Article 65(b).
- d) Deduction for disability or dependency, regulated in Article 82.
- e) Deductions for promoting business activities, regulated in Articles 88, 89 and 90.
- f) The deduction for investment in European funds for promoting innovation.
- g) Option for joint taxation, regulated in Article 97.
- h) Optional taxation system for equity gains derived from securities admitted to trading, regulated in the Twenty-fourth Supplementary Provision.
- i) Option for the application of the special systems provided for in Chapter VI Bis of Title IV of this Provincial Regulation.
- j) Option for deductions for patronage activities, regulated in Article 91 of this Provincial Regulation.
- k) Deduction to avoid international double taxation provided for in Article 92.2 of this Provincial Regulation.
- l) The option to apply the regime provided for in Article 19(2)(b), in the wording in force on 31 December 2025, as provided for in the thirty-seventh transitional provision.

CHAPTER II

PAYMENTS ON ACCOUNT

Article 106. Payments on account.

1. In this tax, payments on account which, in any case, shall be considered as a tax liability, may consist of the following:
 - a) Withholdings.
 - b) Payments on account.
 - c) Fractioned payments.
2. When the taxpayer acquires this status due to a change of residence, the withholdings and payments on account of Non-Resident Income Tax made during the tax period in which the change of residence takes place shall be considered as payments on account of this Tax.

Employees who are not taxpayers for this Tax, but who are going to acquire such status as a result of their move to Spanish territory, may notify the Tax Authority of this circumstance, leaving a record of the date of entry into said territory, for the sole purpose of the payer of the income from work considering them as taxpayers for this Tax.

In accordance with the procedure established by regulation, the tax authorities shall issue a document certifying this to employees who so request, which they shall communicate to the payer of their earned income, whether resident or with a permanent establishment in Spain, and which shall state the date from which withholdings and payments on account shall be

made for this Tax, taking into account for the calculation of the withholding rate the provisions of the first paragraph of this section.

3. The withholdings on account effectively made by virtue of the provisions of Article 11 of Council Directive 2003/48/EC of 3 June, on taxation of savings income in the form of interest payments shall be considered as payments on account of this Tax.

Article 107. Obligation to practice and pay withholdings and payments on account.

1. They shall be obliged to withhold and pay on account, as payment on account of the Personal Income Tax corresponding to the recipient, in the amount determined by regulation, and to pay the amount thereof to the County Council in the cases provided for in the Economic Agreement in the manner established by regulation:
 - a) Legal persons and entities, including entities in attribution of income, that pay or pay income subject to and not exempt from this Tax.
 - b) Taxpayers subject to this Tax who carry out business activities with respect to income subject to and not exempt from this Tax which they pay or pay in the course of such activities.
 - c) Individuals, legal entities and other entities not resident in Spanish territory, operating through a permanent establishment, or without a permanent establishment, with respect to the income from work that they pay, as well as with respect to other income subject to withholding or payment on account that constitutes a deductible expenditure for obtaining the income referred to in Article 24(2) of the Provincial Regulation on Non-Residents' Income Tax.

When an entity, whether resident or non-resident, pays or pays work from income to taxpayers who provide their services to a resident entity related to it under the terms provided in Article 42 of the Provincial Corporation Tax Regulation, or to a permanent establishment located in Spanish territory, the withholding or payment on account must be made by the entity or permanent establishment in which the taxpayer provides their services.

Insurance companies domiciled in another Member State of the European Economic Area that operate in Spain under the freedom to provide services must withhold tax or make a payment on account in relation to the transactions they carry out in Spain.

Pension funds domiciled in another Member State of the European Union that develop occupational pension plans subject to Spanish legislation, in accordance with the provisions of Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 on the activities and supervision of institutions for occupational retirement provision or, where applicable, their managing entities, must withhold tax and make payments on account with respect to transactions carried out in Spain.

Under no circumstances shall diplomatic missions or consular offices in Spain of foreign States be obliged to make withholdings or payments on account.

2. Regulations may exempt certain income from the obligation to make withholdings and payments on account.
3. In any case, the parties obliged to withhold or make a payment on account shall assume the obligation to make the payment to the Provincial Council, and non-compliance with this obligation shall not exempt them from the obligation to make the payment.
4. When, in virtue of a judicial or administrative ruling, income subject to withholding or payment on account of this Tax must be paid, the payer shall withhold the full amount

payable and shall pay the amount into the County Council under the provisions of this Article.

5. Taxpayers shall inform the payer of income subject to withholding or payment on account of which they are the recipients of the circumstances determining the calculation of the appropriate withholding or payment on account, under the terms established by regulation.

Article 108. Amount of withholdings and payments on account.

1. The amount of the withholding tax shall be the result of applying the percentage established by regulation to the full amount paid or to be paid.
2. The amount of the payment on account to be made for remuneration in kind shall be the result of applying the percentage established by regulation to the value of the same, determined in accordance with the rules laid down in this Provincial Regulation.
3. Where income in cash and in kind is paid or paid to the same recipient, withholding tax shall be levied on the totality of the consideration or profits paid or paid.

In such cases, the withholding percentage referred to in section 1 above shall be calculated taking into account foreseeable fixed and variable remuneration in cash and in kind. When during the year there are changes in the amount of remuneration in cash or in kind, a new percentage shall be calculated taking into account the changes that have occurred. This new percentage shall apply only from the date on which such changes occur.

The amount resulting from applying the percentage referred to in the preceding paragraph to the total consideration and benefits paid shall be deducted from the monetary income paid.

Article 109. Calculation of withholding and payment on account.

1. The recipient of income on which withholding tax must be withheld on account of this Tax shall compute such income for the full consideration accrued.

When the withholding has not been made or has been made for an amount lower than that due, the recipient shall deduct the amount that should have been withheld from the tax liability.

In the case of legally established remuneration paid by the public sector, the recipient may only deduct the amounts actually withheld.

If the full consideration accrued cannot be proved, the tax authorities may calculate as the full amount an amount which, after subtracting the appropriate withholding tax, gives the amount actually received. In this case, the difference between the amount actually received and the full amount shall be deducted from the tax liability as a withholding tax.

2. Where there is an obligation to make a payment on account, it shall be presumed that such payment has been made. The taxpayer shall include in the taxable base the valuation of the remuneration in kind, under the rules laid down in this Provincial Regulation and the payment on account, unless it has been passed on.

Article 110. Fractioned payments.

1. Taxpayers who carry out business activities shall be obliged to make and pay fractioned payments on account of this Tax, under the conditions determined by regulations.

2. The regulations may exempt from this obligation those taxpayers whose income has been subject to withholding or payment on account in the percentage established for this purpose.
3. The fractioned payments corresponding to entities under the income attribution system, which carry out business activities, shall be made by each of the partners, heirs, co-owners or participants, to whom income of this nature should be attributed, in proportion to their share in the profit of the entity.

CHAPTER III PROVISIONAL SETTLEMENTS

Article 111. Provisional settlements.

The Tax Authority may make the appropriate provisional assessments in accordance with the provisions of the General Tax Regulations of the Historical Territory of Bizkaia.

Article 112. Ex officio returns.

1. When the sum of the amounts referred to in Article 95(1) of this Provincial Regulation is greater than the total tax liability, the tax authorities shall be obliged to make a settlement, once the self-assessment has been submitted, within following six months of the end of the period established for submitting the self-assessment.

When the self-assessment has been submitted after the deadline, the six months referred to in the previous paragraph shall be calculated from the date on which it was submitted.

2. When the total tax liability resulting from the self-assessment or, where applicable, from the provisional settlement, is less than the sum of the amounts referred to in Article 95(1) of this Provincial Regulation, the tax authorities shall automatically refund the excess of the said tax liability within the period established in the previous section, without prejudice to any subsequent provisional or definitive settlements that may apply.
3. If the provisional settlement has not been made within the period established in his Article (1), the tax authorities shall automatically refund the excess of the self-assessed tax liability, without prejudice to any subsequent provisional or definitive settlements that may be appropriate.
4. Once the deadline for making the refund has elapsed without the agreement having been ordered for reasons attributable to the Tax Authority, the amount pending refund shall be subject to the late payment interest referred to in Article 26(3) of the General Tax Regulation of the Historical Territory of Bizkaia, from the day following the end of the said deadline until the date on which the agreement recognising the right to receive the corresponding refund is adopted, without the need for the taxpayer to request it.
5. The procedure and form of payment for carrying out the ex officio return referred to in this Article shall be determined by regulation.

CHAPTER IV FORMAL OBLIGATIONS

Article 113. Formal taxpayer obligations.

1. Taxpayers shall be obliged to keep, during the limitation and expiry period, the supporting documents and documents accrediting the transactions, income, expenses, income, reductions and deductions of any kind that must be included in their self-assessments.
2. Regulations may establish control procedures or systems in relation to the invoices that taxpayers carrying out business activities are obliged to issue.

3. Regulations may establish specific information obligations of a patrimonial nature, simultaneous to the submission of the self-assessment of this tax, aimed at controlling the income or the use of certain assets and rights of taxpayers.
4. Taxpayers of this Tax who are holders of the protected assets regulated in Law 41/2003, of 18 November, on the protection of the assets of persons with disabilities and on the modification of the Civil Code, the Civil Procedure Law and the Tax Regulations for this purpose, shall submit a declaration indicating the composition of the assets, the contributions received and the disposals made during the tax period, under the terms established by regulations.

Article 113 bis. System guaranteeing the traceability and inviolability of the records documenting the supply of goods and services.

1. As per that stated in article 24 of this Provincial Regulation, individuals carrying out economic activities will be required to use a computer system to guarantee the integrity, retention, traceability, and inviolability of the records documenting the supply of goods and services carried out while developing their economic activities, regardless of the method of determining their performance, which comply with the requirements listed as follows:

- a) A digital file with digital signature must be produced for the supply of goods and services, in the format and with the content and characteristics specified by the regulations, created prior to the invoice or other document being sent, in digital or physical form to justify the operations.

In particular, the digital file referred to in this letter must contain an ID for the invoice or document in electronic or physical form justifying the operation, immediately after the one or ones referred to in the following letter b), as well as identifying the individual or entity that developed the software used.

- b) The electronic or physical invoice or other document justifying the operations must include an identifying code for the document and a "QR" code produced in accordance with the specifications established by the regulations.

2. In order to comply with the obligations established in the previous section, taxpayers must use:

- a) The computer application made available by the Bizkaia Provincial Council, with the conditions and limits established by the regulations.
- b) Software that is registered in the registry provided for these purposes, which must have been developed by an individual or entity that is also registered in said registry and has signed an affidavit.

The registration, modification, or deregistration referred to in this letter must be carried out according to the terms established by the regulations.

If the taxpayer him or herself has developed the software referred to in the previous paragraph, they must register on the aforementioned registry.

3. The same obligation for using a computer system that complies with the regulations established in the previous section 1 corresponds to entities under the income attribution regime and to inheritances pending the exercise of a testamentary power of attorney that carry out business activities, notwithstanding the attribution of income that corresponds to their members.
4. Taxpayers will not have to comply with the obligations established in the previous section 1 regarding the following list of operations:

- a) Those for which authorisation has been obtained from the Tax Revenue Administration for the preparation of summary entries under special conditions, when it is noted that the commercial or administrative practices of the sector of activity in question, or the technical conditions for issuing invoices and justifying accounting documents make it difficult to record said mentions and information.
- b) Those in which the obligation to issue an invoice is materially fulfilled by the recipient of the operation, in accordance with the provisions of article 5 of the Regulation that regulates invoicing obligations approved by Provincial Decree of the Bizkaia Provincial Council 4/2013, dated 22 January, as long as the tax regulations of the Historical Territory of Bizkaia, or that of the Historical Territories of Álava or Gipuzkoa, are not effectively applicable thereto, to the extent that they have established obligations similar to those contained in section 1 of this article.
- c) Where applicable, under the conditions that are determined by the regulations, the Directorate-General of the Treasury may authorise an exemption from compliance with the obligations referred to in this article for taxpayers who plan to cease carrying on their economic activity or activities within a period of three years counting from the date on which compliance with that obligation becomes mandatory for them in compliance with that stipulated in Sections 1 and 2 of Article 1 of Provincial Regulation 08/2023, dated 22 November, which approves measures to order the definitive implementation of the BATUZ system to transpose Council Directive (EU) 2021/514 of 22 March 2021 amending Directive 2011/16/EU on administrative cooperation in the field of taxation and other tax modifications. This exemption may be granted where, given the characteristics of the economic activity or activities carried out, compliance with the aforementioned obligation would require significant investments and/or expenditures relating to the acquisition, installation and implementation of equipment and terminals, together with their associated software and peripherals.

This exemption will require the presentation of a request to the tax authorities by completing the form made available for these purposes on the electronic portal of the Bizkaia Provincial Council, where the following information must be provided:

- a') Fiscal identification number, name and surname(s), complete business or corporate name of the individual or entity that intends to apply for the exemption.
- b') Description of the economic activity or activities that have been carried out.
- c') Expected date of ceasing to exercise the stated economic activities.
- d') List of the investments and/or expenditures involved with the acquisition, installation and implementation of equipment and terminals, along with their associated software and peripherals, to be made in order to comply with the obligations of Section 1 of this article.

The expected exemption under this letter will have a duration of three years counting from the date referenced in the first paragraph therein. Once the stated period has lapsed, if the activity or activities had not ceased, this will imply that compliance with the exempted obligation becomes obligatory starting from the expiration date thereof, and this exemption may not be requested again.

- d) Under the conditions that are determined by regulations, where applicable, the Directorate-General of the Treasury may authorise an exemption from compliance with the obligations referred to in this article, as well as the obligations referred to in article 114 of this Provincial Regulation to taxpayers that meet the four following requirements:
 - i) Their full income derived from their economic activities does not surpass an amount of 2,000 euros annually.

- ii) There are no deductible expenses for the determination of the net return of their economic activities.
- iii) All income derived from their economic activities are subject to withholding applied to this tax.
- iv) The total of the income referred to in the previous requirements i) and iii) is not subject to or is exempt from Value Added Tax.

This exemption will require the presentation of a request to the Tax Revenue Administration by completing the form made available for these purposes on the electronic portal of the Bizkaia Provincial Council, where compliance with the requirements referred to in this letter d) must be demonstrated.

The exemption provided for in this letter will remain in effect as long as the taxpayer does not waive it, and while the four previous requirements contained therein are met. The exemption will cease to be valid and cannot be requested again starting from the tax period in which there is any non-compliance with the four requirements.

- e) Others that are determined by regulations.
5. Notwithstanding that stipulated in the previous section, taxpayers will be exempt exclusively from compliance with the obligation to produce the "QR" code referred to in the previous section 1, without said exemption affecting the other obligations contained in the aforementioned section, in terms of the following operations:
 - a) Those whose recipient is an individual or entity that carries out professional or business activities acting in the development of their economic activity, or a Public Administration, according to the terms established in letter B) of section 8 of article 7 of Provincial Regulation 7/1994, dated 9 November, on Value Added Tax, and where it was originally sent in an illegible electronic format.
 - b) Other operations that are determined by regulations.
 6. Taxpayers must send that information produced in order to comply with the obligations referred to in section 1 of this article to the Tax Revenue Administration, together with all other required information, in the formats and time periods established by regulations.
 7. The Tax Revenue Administration will make the option to verify compliance with the obligations stipulated in the aforementioned section 1 available to recipients of the invoices or other electronic or physical documents on behalf of the debtor taxpayer issuers of said invoices or documents through the electronic portal of the Bizkaia Provincial Council.

The way in which said verification is carried out will be developed through regulations.

Article 114. Register of business transactions.

1. Individuals who carry out business activities, under the provisions of Article 24 of this Provincial Regulation, irrespective of the method of determining their income, shall be obliged to keep an economic operations record book through the electronic portal of the Bizkaia Provincial Council by supplying digital copies of the records said register contains.

The moments in which all information corresponding to each financial year or liquidation period is satisfied will be determined by regulations for the purpose of producing the tax return draft referred to in article 104 of this Provincial Regulation and the self-assessment referred to in Additional Provision One of Provincial Regulation 5/2020.

2. The same obligation to keep a register of business transactions corresponds to entities under the income attribution system and to inheritances pending the exercise of a

testamentary power of attorney that carry out business activities, without prejudice to the attribution of income that corresponds to their members.

3. The taxpayers referred to in the previous sections who carry out several business activities shall keep a single book in which the operations of each of them shall be duly identified.
4. The economic operations record book shall be kept under the terms provided in the Tax Regulations and shall be classified in the following chapters:
 - Chapter on income and invoices issued.
 - Chapter on expenses and invoices received.
 - Chapter on assets assigned and/or investments.
 - Chapter on certain intra-community operations.
 - Chapter on provisions and supplies.
 - Chapter on other information with tax repercussions.
5. In addition to completing the register of business transactions, the taxpayers referred to in sections 1 and 2 of this Article who carry out business activities whose income is determined in the normal modality of the direct estimation method, unless the economic activity carried out is not of a commercial nature, shall be obliged to keep accounts under the provisions of the Commercial Code.
6. In particular, the digitally signed digital files referred to in letter a) of section 1 of article 113 bis of the Provincial Tax Regulation will be recorded in the Chapter on income and invoices issued.

Article 115. Formal obligations of withholder and those obliged to make payments on account.

The person obliged to withhold and make payments on account must submit, within the periods, form and places established by regulation, a declaration of the amounts withheld or payments on account made, or a negative declaration when these have not been made. They shall also submit an annual summary of withholdings and payments on account with the content determined by regulations.

The person obliged to make withholdings and payments on account shall be obliged to keep the corresponding documentation and to issue, under the conditions determined by regulations, a certificate certifying withholdings or payments on account made.

The corresponding declaration forms shall be approved by the County Councillor for the Treasury and Finance.

Article 116. Other formal information obligations.

Regulations may establish reporting obligations for persons and entities that carry out or incur in the following operations or situations:

- a) For lending entities, regarding loans granted for purchasing homes.
- b) For entities that pay income from work or equity that is not subject to withholding.
- c) For entities and legal entities that pay prizes, even if they are considered exempt income for the purposes of this tax.

- d) For entities receiving donations that confer the right to a deduction for this Tax, in relation to the identity of the donors as well as the amounts received, when they have requested certification of the donation for the purposes of the self-assessment for this Tax.
- e) For credit institutions, in relation to the amounts deposited with them as housing accounts. For these purposes, taxpayers must identify to the credit institution the accounts earmarked for this purpose.
- f) For insurance companies domiciled in another Member State of the European Economic Area that operate in Spain under the freedom to provide services, in relation to transactions carried out in Spain.
- g) For the entities provided for in the penultimate paragraph of section 1 of Article 107 of this Provincial Regulation, regarding operations carried out in Spain.
- h) For trade unions in relation to the contributions paid to them, under the terms established by regulation.
- i) For political parties regarding membership fees and amounts contributed to their political organisation under the terms referred to in Articles 22 and 93 of this Provincial Regulation.
- j) For cooperatives, regarding income derived from the transfer or reimbursement of social contributions to the cooperative.
- k) For the public sector in relation to public aid, benefits, and subsidies granted by them.
- l) For entities distributing share premiums or reducing capital with the return of contributions, in relation to distributions made which are not subject to withholding tax.
- m) For entities managing European funds for the promotion of innovation, as well as for financial institutions, in relation to shares in these funds and the amounts deposited for the purchase of shares in them.

TITLE XIII

FINANCIAL LIABILITY AND PENALTY SYSTEM

Article 117. Taxpayer liability for financial loss.

Tax liabilities and, where applicable, tax penalties, for this tax shall have the same status as those referred to in Article 1.365 of the Civil Code and, consequently, the community property or earned assets, if the system is one of community of property, shall be directly liable to the County Council for these debts and, where applicable, penalties, incurred by one of the spouses, without prejudice to the provisions of Article 99(5) of this Provincial Regulation in the case of joint taxation.

The provisions of the previous paragraph shall be applicable to common-law partners when the economic property system established by the members of the same is applicable to the aforesaid provision of the Civil Code.

Article 118. Infringements and penalties.

1. Tax offences under this Tax shall be penalised in accordance with the provisions of Title IV of the General Tax Regulations of the Historical Territory of Bizkaia, notwithstanding the specialities provided for in the following sections of this article and the other precepts of this Provincial Regulation.
2. The following constitute tax offences:

- a) Non-compliance with the obligation to use a computer system that guarantees the integrity, retention, traceability, and inviolability of the records that document the supply of goods and services carried out while developing an economic activity according to the terms established in article 113 bis of this Provincial Regulation and its implementing provisions.
 - b) The destruction, deletion, or manipulation of the software and computer files that serve to support the records that document the supply of goods and services carried out in the development of the economic activity, which is referred to in article 113 bis of this Provincial Regulation.
3. The penalties associated with the offences established in the previous section will be as follows:

- a) The taxpayer will be given a pecuniary fine proportional to 20% of their business turnover for the previous financial year for non-compliance with that stated in letter a) of the previous section, with a minimum of 20,000 euros.

If the financial year period of the activity was less than one year, the operations carried out shall be taken to be one year for the purpose of calculating the amount referred to above.

If the business activity is commenced during the financial year, the business turnover corresponding to the first financial year will be addressed, and if this is less than one year, the result shall be increased to one year by a magnitude corresponding to the business turnover of said financial year.

When the infringing individual has been penalised for an infraction derived from this non-compliance by virtue of a firm decision through administrative channels within the four years prior to committing this infraction, the applicable penalty will consist of a pecuniary fine proportional to 30% of their business turnover for the previous financial year, with a minimum of 30,000 euros.

- b) When the non-compliance referred to in letter a) of the previous section is of an occasional nature, the penalty will be 2,000 euros per operation in terms of those that have led to the non-compliance.

To this end, the non-compliance will be considered occasional when the sum of the operations using a computer system that guarantees the integrity, retention, traceability, and inviolability of the records that document the supply of goods and services completed do not surpass 2% of the business turnover of the tax period in which said infraction occurred.

However, if the Tax Revenue Administration proves that the infraction is produced in relation to a tax period that has not yet concluded at the time of this being verified, it will be deemed to be occasional when the sum of the operations referred to in the previous paragraph does not surpass 2% of the business turnover registered up to that moment during the tax period.

- c) The taxpayer will be given a pecuniary fine proportional to 20% of their business turnover for the previous financial year for non-compliance with that stated in letter b) of the previous section, with a minimum of 40,000 euros.

The application of this penalty will be incompatible with the application of the penalty established in the previous letter a).

If the financial year period of the activity was less than one year, the operations carried out shall be taken to be one year for the purpose of calculating the amount referred to above.

If the business activity is commenced during the financial year, the business turnover corresponding to the first financial year will be addressed, and if this is less than one year, the result shall be increased to one year by a magnitude corresponding to the business turnover of said financial year.

When the infringing individual has been penalised for an infraction derived from this non-compliance by virtue of a firm decision through administrative channels within the four years prior to committing this infraction, the applicable penalty will consist of a pecuniary fine proportional to 30% of their business turnover for the previous financial year, with a minimum of 60,000 euros.

- d) When the Tax Revenue Administration proves that the destruction, deletion, or manipulation of software and computer files that serve to support the records that document the supply of goods and services carried out in the development of the taxpayer's economic activity, as referred to in article 113 bis of this Provincial Regulation, has been carried out by an individual or entity that has developed the computer programme, or by another one other than the taxpayer that has altered it or in some way had or has control over the computer system, said person or entity will be considered an infringing individual and will be sanctioned with the same amount applicable to the taxpayer as a consequence of applying that stipulated in the previous letter c). When the infringing individual has been penalised for an infraction derived from this non-compliance by virtue of a firm decision through administrative channels within the four years prior to committing this infraction, they will be penalised with the same amount applicable to the taxpayer as a consequence of that stipulated in the previous letter c), with a minimum of 60,000 euros.
4. For the purposes of that established in letters c) and d) of section 2 of this article, an individual or entity will be considered to have intervened in the destruction, deletion, or manipulation of the software and computer files that serve as to support the records that document the supply of goods or services carried out in the development of the taxpayer's activity, among other assumptions, when:
- They have altered the computer records, files, folders, or software.
 - They have had or have control over the computer system or computer records, files, folders, or software in some way.
 - They make systems, means, or methods for said destruction, deletion, or manipulation available to the taxpayers or other individuals or entities.
 - They have dictated, facilitated, or provided instructions for said destruction, deletion, or manipulation.
 - They carry out an action or omission that is an action or omission that is part of said process, even though it alone does not have sufficient importance as to be considered destruction, deletion, or manipulation, which entails said destruction, deletion, or manipulation when considered together with the actions or omissions of other individuals or entities.
5. The infractions and penalties established in this article will be compatible with those stipulated in article 207 of Provincial Regulation 2/2005, dated 10 March, on the General Taxation of the Historical Territory of Bizkaia.

However, when one of the penalties stipulated in the previous section 3 is imposed, the penalty stipulated in the second paragraph of article 207.2.b) of Provincial Regulation 2/2005, dated 10 March, on the General Taxation of the Historical Territory of Bizkaia, will not proceed to be imposed.

6. The provisions of Article 193 of the General Provincial Tax Regulation of the Historical Territory of Bizkaia shall apply to the penalties imposed under the provisions of the previous section.

TITLE XIV JURISDICTIONAL ORDER

Article 119. Jurisdictional order.

The contentious-administrative jurisdiction, after exhausting the economic-administrative channels, shall be the only competent jurisdiction to settle disputes of fact and law that arise between the Administration and taxpayers, withholders and other taxpayers in relation to any of the issues referred to in this Provincial Regulation.

ADDITIONAL PROVISIONS

First Additional Provision. Common-law partners.

For the purposes of this Provincial Regulation, the references made to registered domestic partnerships shall be understood to refer to those constituted in accordance with the provisions of the Law of the Basque Parliament 2/2003, of 7 May, regulating registered domestic partnerships.

Similarly, any such references shall also include registered domestic partnerships that have been constituted and registered in a similar manner in public records in other autonomous communities, EU Member States, the European Economic Area or third countries.

In the same way, references made to relationships by affinity will include those relationships that derive from the establishment of a registered domestic partnership.

Second Additional Provision. Exemption for participants in international peace and security operations.

The amounts received as a consequence of the indemnities referred to in Royal Decree-Law 8/2004, of 5 November, on indemnities to participants in international peace and security operations, shall be exempt from Personal Income Tax and from any personal tax that may be levied thereon.

Third Additional Provision. Exemption for certain crew members on vessels registered in the special register.

50% of the income from personal work obtained by crew members, accrued on the occasion of sailing on vessels registered in the special register of vessels and shipping companies referred to in Article 75 of Law 19/1994, of 6 July, amending the economic and fiscal system of the Canary Islands, shall be exempt.

Fourth Additional Provision. Individual systematic savings plans.

1. Life annuity received from the Individual Systematic Savings Plans, regulated in the third supplementary provision of the Law on Personal Income Tax and on the partial modification of the Laws on Corporation Tax, Non-Resident Income Tax and Wealth Tax, shall be taxed in accordance with the provisions Article 36(1)(b) of this Provincial Regulation.
2. In the event of total or partial disposal, by the taxpayer before the constitution of the annuity, of the accumulated economic rights, tax shall be paid in accordance with the provisions of this Provincial Regulation in proportion to the disposal made. For these purposes, the amount recovered shall be deemed to correspond to the premiums paid in the first place, including the corresponding return.

In the event of total or partial advance payment of the economic rights derived from the annuity constituted, the taxpayer shall integrate in the tax period in which the advance payment is made, the income that was exempt by application of the Personal Income Tax regulations.

3. The maximum annual limit paid in premiums for this type of contract will be 8,000 Euros, and will be independent of the limits on contributions to social welfare systems. Likewise, the total amount of premiums accumulated in these contracts may not exceed the total amount of 240,000 Euros per taxpayer.
4. The first premium paid must be more than five years old at the time the annuity is constituted.

Fifth Additional Provision. Withholding on income from business activities determined by the signs, indices or modules of the objective assessment method.

Income from business activities determined by the signs, indices or modules of the objective assessment method shall be subject to withholding, in the cases, percentages and conditions established by regulation.

Sixth Additional Provision. Regulatory references.

All references contained in the provincial regulations to Provincial Regulation 6/2006, of 29 December, on Personal Income Tax, shall be understood to be made to the corresponding provisions of this Provincial Regulation.

Seventh Additional Provision. Exempt equity gains.

The provisions of Article 42(e) of this Provincial Regulation shall be applicable to transfers of permanent dwellings carried out in non-prescribed tax periods.

Eighth Additional Provision. Mutual societies for employed workers.

The general taxable base may be reduced, under the terms set out in Articles 71 and 72 of this Provincial Regulation, by the amounts paid in virtue of insurance contracts taken out with the mutual benefit societies established by the corresponding Professional Associations, by the members of these societies who are employees, by their spouses or common-law partners and first-degree blood relatives, as well as by the employees of the aforesaid mutual societies, provided that there is an agreement of the corresponding bodies of the mutual society that only allows the benefits to be collected when the contingencies envisaged in Article 8(6) of the Consolidated Text of the Law Regulating Pension Plans and Funds, approved by Royal Legislative Decree 1/2002, of 29 November, concur.

Ninth Additional Provision. Tax system for the contributions and benefits of the Professional Sportsmen's Mutual Benefit Society (Mutualidad de previsión social de deportistas profesionales).

1. The tax treatment contained in section 3 of this supplementary provision shall apply to professional and top-level sportsmen and women who are recognised as such in accordance with the applicable legislation and who make contributions to the Professional Sportsmen's Mutual Society, a fixed-premium mutual benefit society.
2. For the application of the tax system envisaged in this supplementary provision, the requirements, characteristics and conditions established in the eleventh supplementary provision of the Law on Personal Income Tax and partial amendment of the Laws on Corporate Income Tax, Non-Resident Income Tax and Wealth Tax must be met.

3. The tax system applicable to contributions to the professional sportsmen's mutual provident society, fixed-premium mutual provident society, as well as to the benefits derived therefrom, shall be as follows:
- a) The contributions, direct or imputed, may be subject to reduction in the general taxable base of the Personal Income Tax, with the limit of the sum of the income from work resulting from deducting the full income in the amount of the deductible expenses and the net income from business activities received individually in the financial year and up to the maximum amount of 24,250 Euros.
 - b) Contributions which could not have been subject to reduction in the general taxable base due to insufficiency of the same or due to application of the limit established in point (a) above, may be reduced in the following five financial years. This rule shall not apply to contributions in excess of the maximum limit provided for in number 2 of section one of the eleventh supplementary provision of the Personal Income Tax Act and of the partial amendment of the Corporation Tax, Non-Resident Income Tax and Wealth Tax Acts.
 - c) The disposal of the consolidated rights in cases other than those mentioned in number 4 of section one of the eleventh supplementary provision of the Law on Personal Income Tax and partial amendment of the Laws on Corporation Tax, Non-Resident Income Tax and Wealth Tax, shall determine the obligation for the taxpayer to replace in the general tax base of the corresponding tax periods the reductions unduly made, accruing the corresponding late payment interest. The amounts received in excess of the amount of the contributions made, including, where applicable, the contributions imputed by the promoter, will be taxed as income from work in the tax period in which they are received.
 - d) The benefits received, as well as the receipt of vested rights in the cases provided for in number 4 of section one of the eleventh supplementary provision of the Law on Personal Income Tax and partial amendment of the Laws on Corporation Tax, Non-Resident Income Tax and Wealth Tax, shall be taxed in their entirety as earned income, in accordance with the provisions of this Provincial Regulation.
 - e) If the taxpayer disposes of the vested rights in cases other than those provided for in number 4 of section one of the eleventh supplementary provision of the Law on Personal Income Tax and partial amendment of the Laws on Corporation Tax, Non-Resident Income Tax and Wealth Tax, the provisions of Article 70(4) of this Provincial Regulation shall apply.
4. Regardless of the system provided for in the previous section, professional and top-level sportsmen and women, even if they have ended their working life as such or have lost this status, may make contributions to the mutual benefit fund for professional sportsmen and women.

Such contributions may be subject to reduction in the general taxable base of the Personal Income Tax in the part whose purpose is to cover the contingencies foreseen in Article 8(6) of the Consolidated Text of the Law Regulating Pension Plans and Funds, approved by Royal Legislative Decree 1/2002, of 29 November.

The vested rights of the mutual members can only be paid in the cases provided for pension plans in Article 8(8) of the Consolidated Text of the Law Regulating Pension Plans and Funds, approved by Royal Legislative Decree 1/2002, dated 29 November 2002.

The maximum joint reduction limit for these contributions shall be that established in Article 71(1) of this Provincial Regulation.

If the taxpayer disposes of the vested rights in cases other than those provided for in number 4 of section one of the eleventh supplementary provision of the Law on Personal

Income Tax and partial amendment of the Laws on Corporation Tax, Non-Resident Income Tax and Wealth Tax, the provisions of Article 70(4) of this Provincial Regulation shall apply.

Tenth Additional Provision. Reporting obligations.

1. Regulations may establish obligations to provide information to management companies of collective investment undertakings, investment companies, entities marketing shares or units of collective investment undertakings domiciled in Spain or abroad in Spanish territory, and to the representative appointed under the provisions of supplementary provision seven of Provincial Regulation 2/2004, 23 April, on Tax Measures in 2004, and the representative appointed in accordance with the provisions of the seventh supplementary provision of Provincial Regulation 2/2004, of 23 April, on Tax Measures in 2004, who acts on behalf of the management company operating under the freedom to provide services, regarding transactions on shares or units of such institutions, including the information available to them relating to the results of the purchase and sale of such shares or units.

...

2. Taxpayers for Personal Income Tax or Corporation Tax must provide information, under the terms established by regulation, in relation to transactions, situations, receipts and payments made or arising from the holding of securities or assets related, directly or indirectly, to countries or territories considered to be tax havens.
3. Regulations may establish obligations to provide information in the following cases:
 - a) To persons or entities, with regard to the social welfare systems referred to in Article 70 of this Provincial Regulation.
 - b) To financial institutions, with regard to the individual systematic savings plans they market, as referred to in the Fourth Supplementary Provision of this Provincial Regulation, or the insured annuities provided for in Article 42(f) of this Provincial Regulation.
 - c) To the Social Security and Mutual Societies, with regard to the contributions and dues accrued, regarding their members or members of mutual societies.
 - d) To the Civil Register, with regard to data on births, adoptions and deaths.
 - e) Entities that market the contracts regulated in Supplementary Provision Thirty-three of this Provincial Regulation.
4. Banks, Savings Banks, Credit Cooperatives and any natural or legal persons engaged in banking or credit transactions shall be obliged, under the terms established by regulations, to provide the Tax Authority with the identification of all accounts opened in these institutions or made available by them to third parties, regardless of the type or denomination adopted, even when no withholdings or payments on account have been made.

This supply shall include the identification of the authorised holders or any beneficiaries of such accounts.

5. The persons who, in accordance with the provisions of Articles 3 and 4 of Law 41/2003, of 18 November, on the asset protection of persons with disabilities and the modification of the Civil Code, the Civil Procedure Act and the Tax Regulations for this purpose, intervene in the formalisation of contributions to the protected assets, must submit a declaration on the aforesaid contributions under the terms established by regulation. The declaration shall be made in the place, in the manner and within the period established by the Provincial Councillor for the Treasury and Finance. The declaration shall be made in

the place, in the manner and within the period established by the Provincial Councillor for the Treasury and Finance.

6. Persons and entities resident in Spain and permanent establishments in Spanish territory of persons or entities resident abroad, who provide services for safeguarding private cryptographic keys on behalf of third parties, for maintaining, storing and transferring crypto-assets, whether this service is provided as a main activity or in connection with another activity, shall be obliged to provide the tax authorities, under the terms established by the corresponding regulations, with information on all the crypto-assets they hold in custody. This reporting shall include information on balances in each different crypto-asset and, where appropriate, in legal tender, as well as the identification of the holders or beneficiaries of these balances.

The concept of a crypto-asset shall be understood as defined in Article 3(1)(5) of Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937.

7. ...

Eleventh Additional Provision. Tax system for persons subject to guardianship with powers of representation.

The specific provisions provided in this Provincial Regulation in favour of disabled persons with a degree of disability equal to or greater than 65% shall be applicable to disabled persons who, within the framework of the provisions of Title XI of the Civil Code, are subject to guardianship with powers of representation, even if they do not reach this degree.

Twelfth Additional Provision. Right of redemption in collective insurance contracts that instrument pension commitments assumed by companies, under the terms provided for in the first supplementary provision of the Consolidated Text of the Law Regulating Pension Plans and Funds, approved by Royal Legislative Decree 1/2002, of 29 November.

The income that becomes apparent as a consequence of exercising the right to surrender collective insurance contracts that instrument pension commitments, under the terms provided in the first supplementary provision of the Consolidated Text of the Law Regulating Pension Plans and Funds, approved by Royal Legislative Decree 1/2002, of 29 November, shall not be subject to the Personal Income Tax of the holder of the economic resources that in each case corresponds, in the following cases:

- a) For the total or partial integration of the commitments instrumented in the policy in another insurance contract that meets the requirements of the aforesaid first supplementary provision.
- b) For the integration in another collective insurance contract of the rights corresponding to the worker according to the original insurance contract in the event of termination of the employment relationship.

The cases set out in points (a) and (b) above shall not alter the nature of the premiums as regards their taxation by the company, nor the calculation of the age of the premiums paid under the original insurance contract. However, in the case set out in (b) above, if the premiums were not imputed, the company may deduct them on the basis of this mobilisation.

Neither will the income that is revealed as a result of the participation in benefits of insurance contracts that implement pension commitments be subject to Personal Income Tax, in accordance with the provisions of the first additional provision of the Consolidated Text of the Law Regulating Pension Plans and Funds, approved by Royal Legislative Decree 1/2002, of November 29, when said profit sharing is used to increase the benefits guaranteed in said contracts.

Thirteenth Additional Provision. Disposal of personal assets to meet the financial needs of old age and dependency.

1. The amounts received as a consequence of the disposal of the habitual residence by persons over 65 years of age, as well as by persons in a situation of severe dependency or major dependency as referred to in Article 26 of the Law on the Promotion of Personal Autonomy and Care for Dependent Persons, shall not be considered as income, provided that they are carried out under the provisions of the First Supplementary Provision of Law 41/2007, of 7 December, which amends Law 2/1981, of 25 March, on the Regulation of the Mortgage Market and other rules of the mortgage and financial system, on the regulation of reverse mortgages and dependency insurance and which establishes certain tax rules.
2. The periodic payments that the beneficiary may obtain as a result of the disposal of their habitual residence by means of the constitution of a reverse mortgage under the terms provided for in the first supplementary provision of the aforesaid Law 41/2007, of 7 December, may be used, in whole or in part, to contract an insured pension plan, under the terms and conditions provided for in number 5 of Article 70(1) of this Provincial Regulation. For these purposes, the situation of survival of the policyholder ten years after the payment of the first premium of the said insured pension plan shall be assimilated to the contingency of retirement, as provided for in point (b) of number 5 of Article 70(1) of this Provincial Regulation.

The mathematical provision of the forecasting plan will not be able to be the object of moving another social forecasting instrument, nor will it be able to move to the consolidated demands or mathematical provisions of other social forecasting systems.

Fourteenth Additional Provision. Remuneration in kind.

Loans with an interest rate lower than the legal rate of money arranged prior to 1 January 1992 and whose principal had been made available to the borrower also prior to that date shall not be considered as remuneration in kind.

Fifteenth Additional Provision. Transfers of securities or holdings not admitted to trading after a capital reduction.

1. Where, prior to the transfer of securities or holdings not admitted to trading on any of the official secondary securities markets in Spain, there has been a reduction in capital instrumented by means of a reduction in the nominal value which does not affect all the taxpayer's outstanding securities or holdings equally, the rules laid down in Chapter V of Title IV of this Provincial Regulation shall apply, with the following special features:
 1. The transfer value will be considered the one that would correspond according to the nominal value resulting from the application of the provisions of Article 41(2)(a) of this Provincial Regulation.
 2. In the event that the taxpayer has not transferred all his securities or holdings, the positive difference between the transfer value corresponding to the nominal value of the securities or holdings effectively transferred and the transfer value referred to in the previous paragraph shall be deducted from the purchase value of the remaining homogeneous securities or holdings until they are cancelled. Any excess shall be taxed as an equity gain.
2. The rules provided in the previous section shall apply in the case of transfers of securities or holdings in the capital of asset-holding companies.

Sixteenth Additional Provision. Mobilisation of economic rights between different social welfare systems.

The mobilisation of the economic rights of the social welfare systems referred to in Articles 70 and 72 of this Provincial Regulation shall have no tax consequences, provided that the requirements and conditions established by regulation are met, respecting the specific system of Voluntary Social Welfare Institutions.

Seventeenth Additional Provision. Reductions of capital with return of contributions and distributions of share premium made by open-ended investment companies not subject to the general rate of corporation tax.

1. Notwithstanding the provisions of Article 34(e) and the second paragraph of Article 41(2)(a) of this Provincial Regulation, in the event of a reduction in capital with the purpose of returning contributions and distributing the share issue premium, carried out by open-ended investment companies regulated in Law 35/2003, of 4 November, on collective investment institutions, which are not subject to the general rate of Corporation Tax, the income to be paid by their shareholders or participants shall be determined in accordance with the following:

- a) In the event of a capital reduction aimed at returning contributions, the income to be included shall be the amount thereof or the normal market value of the assets or rights received, which shall be classified as income from movable capital under the provisions of Article 34(a) of this Provincial Regulation, up to the limit of the greater of the following amounts:
 - The increase in the net asset value of the shares from their purchase or subscription up to the time of the reduction in share capital.
 - When the reduction in equity comes from undistributed profits, the amount of those profits. For these purposes, equity reductions, whatever their purpose, shall be deemed to affect firstly that part of the share capital which does not derive from undistributed profits, until they are cancelled.

The excess over the aforesaid limit shall reduce the purchase value of the shares affected, in accordance with the rules laid down in the second paragraph of Article 41(2)(a), until they are cancelled. In turn, the excess that may result shall be included as income from equity gains from the participation in the equity of any type of entity, in the manner provided for the distribution of the share premium.

Under no circumstances shall the exemption provided for in number 24 of Article 9 of this Provincial Regulation be applicable to the movable equity gains regulated in this point.

- b) In cases of distribution of the issue premium on shares in variable capital investment companies, the whole of the amount obtained shall be included, without the reduction in the purchase value of the shares provided for in Article 34(e) of this Provincial Regulation being applicable.
2. The provisions of section 1 above shall apply to collective investment undertakings equivalent to open-ended investment companies which are registered in another State, irrespective of any limitation they may have in respect of restricted groups of investors, in the purchase, transfer or redemption of their shares; in any case it shall in any event be the same as for open-ended investment companies registered in another State, irrespective of any limitation they may have in respect of restricted groups of investors, in the purchase, transfer or redemption of their shares.

Eighteenth Additional Provision. Special levy on prizes from certain lotteries and bets.

1. The following prizes obtained by taxpayers of this Tax shall be subject to this Tax by means of a special levy:
 - a) Prizes from lotteries and bets organised by the State Lotteries and Gambling Company (Sociedad Estatal Loterías y Apuestas del Estado) and by the bodies or entities of the Autonomous Communities, as well as from draws organised by the Spanish Red Cross and from the types of games authorised for the Spanish National Organisation for the Blind (Organización Nacional de Ciegos Españoles).
 - b) Prizes from lotteries, bets and draws organised by public bodies or entities that carry out social or welfare activities of a non-profit nature established in other Member States of the European Union or the European Economic Area and which pursue objectives identical to those of the bodies or entities indicated in the previous point.

The special tax shall be levied separately in respect of each winning lottery ticket, fraction or lottery coupon or bet.

2. Prizes whose full amount is equal to or less than 40,000 Euros shall be exempt from the special tax. Prizes whose full amount is greater than 40,000 Euros shall be subject to taxation in respect of the part of the same that exceeds this amount.

The provisions of the previous paragraph shall be applicable provided that the amount of the lottery ticket, fraction or coupon, or of the bet made, is at least 0.50 Euros. In the event that it is less than 0.50 Euros, the maximum exempt amount indicated in the previous paragraph shall be reduced proportionally.

In the event that the prize is jointly owned, the exempt amount provided for in the preceding paragraphs shall be prorated among the co-owners according to the share that corresponds to them.

3. The taxable base of the special tax shall be made up of the amount of the prize that exceeds the exempt amount provided for in section 2 above. If the prize is in kind, the taxable amount shall be that part of the market value of the prize which exceeds the exempt amount provided for in section 2 above, less the amount of the payment on account.

In the event that the prize is jointly owned, the taxable base shall be prorated between the co-owners according to the share that corresponds to them.

4. The total tax liability of the special levy shall be the result of applying the rate of 20% to the taxable base provided for in section 3 above. This tax liability shall be reduced by the amount of the withholdings or payments on account provided for in section 6 of this supplementary provision.
5. The special tax shall be payable at the time when the prize obtained is paid or credited.
6. The prizes provided for in this supplementary provision shall be subject to withholding or payment on account in accordance with the provisions of Articles 106, 115 and 116 of this Provincial Regulation.

The percentage of withholding or payment on account shall be 20%. The basis for withholding or payment on account shall be determined by the amount of the taxable base of the special tax.

7. Taxpayers who have obtained the prizes provided for in this supplementary provision shall not be obliged to submit a self-assessment for this special tax.

However, there shall be an obligation to submit the aforesaid self-assessment when the amount of the prize obtained is greater than the exempt amount provided for in section 2 above and no withholding or payment on account has been made under the provisions of section 6 above, and the amount of the corresponding tax debt shall be determined and paid in the place, form and deadlines established by the Provincial Councillor for the Treasury and Finance.

8. The prizes provided for in this supplementary provision shall not be included in the taxable base of the tax nor shall their amount be taken into account for the purposes provided for in Article 102(2)(b) of this Provincial Regulation. Withholdings or payments on account made under the provisions herein shall not reduce the total tax liability nor shall they be taken into account for the purposes of the provisions of Article 112 of this Provincial Regulation.
9. The provisions of this supplementary provision shall not apply to prizes derived from games held prior to 1 January 2013.

Nineteenth Additional Provision. Remuneration in kind derived from the use of housing in 2014 and 2015.

During the financial years 2014 and 2015, the first paragraph of point a) of section 2 of Article 60 of this Provincial Regulation shall be worded as follows:

"(a) In the case of the use of housing owned by the payer, for the amount resulting from applying 16% to the value at which they should be computed in accordance with the provisions of the Provincial Wealth Tax Regulation."

Twentieth Additional Provision. Amendment of the Provincial Regulation on the tax system for non-profit organisations and tax incentives for patronage.

Article 21(1) of Provincial Regulation 1/2004, of 24 February, on the tax system for non-profit organisations and tax incentives for patronage, is amended and shall be worded as follows:

"1. Taxpayers liable to Personal Income Tax shall be entitled to deduct from their total tax liability 20% of the basis for the deduction determined in accordance with the provisions of Article 20 of this Provincial Regulation."

Twenty-First Additional Provision. Amendment of Provincial Regulation 2/2013, of 27 February, on Wealth Tax.

1. Article 5(7)(f) of Provincial Regulation 2/2013, of 27 February, on Wealth Tax, is reworded as follows:

"f) Rights of economic content corresponding to premiums paid to private insurances covering dependency as defined in number 7.º of section 1 of Article 70 of the Provincial Regulation on Personal Income Tax."

2. Section eleven of Article 5 of Provincial Regulation 2/2013, of 27 February, on Wealth Tax, is reworded as follows:

"Eleven. The taxpayer's habitual residence, as defined in Article 87(8) of the Provincial Regulation on Personal Income Tax, up to a maximum amount of 400,000 Euros."

3. Article 6(4) of the Provincial Regulation 2/2013, of 27 February, on Wealth Tax, is reworded as follows:

"Four. For the purposes of the provisions of this Article, an asset shall be understood to be necessary for the pursuit of an economic activity when it is an element assigned to the same, as established in Article 26 of the Provincial Regulation on Personal Income Tax, except with regard to the assets provided for in the final clause of point c) of section 1 thereof, which, where appropriate, may be assigned to the economic activity."

The assets referred to in rules 5 and 6 of Article 27 of the aforesaid Provincial Regulation and in Article 31(3) of the Provincial Corporation Tax Law shall be deemed to be allocated in the same proportion as their expenses are considered deductible under the aforesaid precepts."

4. Article 12(1)(c) of Provincial Regulation 2/2013, of 27 February, on Wealth Tax, is reworded as follows:

"c) If the real estate does not have a cadastral value on the date of accrual of the tax or if it is located abroad, it shall be computed at 50% of its purchase value, updated in accordance with the monetary correction coefficients referred to in Article 45(2) of the Provincial Regulation on Personal Income Tax."

5. The second paragraph of Article 13 of Provincial Regulation 2/2013, of 27 February, on Wealth Tax, is reworded as follows:

"Assets shall be understood to be assigned to business activities under the rules of Personal Income Tax. The assets referred to in rules 5 and 6 of Article 27

of the aforesaid Provincial Regulation shall be deemed to be affected in the same proportion in which their expenses are considered deductible according to the aforesaid rules."

6. Article 33(1)(b) of Provincial Regulation 2/2013, of 27 February, on Wealth Tax, is reworded as follows:

"b) The amount of the dividends and shares in profits referred to in section 1 of the Fifth Supplementary Provision of the Provincial Corporation Tax Regulation shall be added to the taxable base for Personal Income Tax."

7. Point (c) of section 1 of the Fifth Supplementary Provision of Provincial Regulation 2/2013, of 27 February, on Wealth Tax, is reworded as follows:

"c) If the real estate does not have a cadastral value on the date of accrual of the tax or if it is located abroad, it shall be computed at 25% of its purchase value, updated in accordance with the monetary correction coefficients referred to in Article 45(2) of the Provincial Regulation on Personal Income Tax."

Twenty-Second Additional Provision. Amendment of Provincial Regulation 7/2002, of 15 October, on the Adaptation of the Tax System of the Historical Territory of Bizkaia to the peculiarities of the Provincial Civil Law of the Basque Country.

1. Article 10 of Provincial Regulation 7/2002, of 15 October, on the Adaptation of the Tax System of the Historical Territory of Bizkaia to the peculiarities of the Provincial Civil Law of the Basque Country, is hereby amended to read as follows:

"Article 10. Personal Income Tax.

The general provisions provided in the aforesaid Provincial Regulation and its implementing regulations shall apply to income corresponding to inheritances pending the exercise of a testamentary power of attorney as provided for in Article 12(6) of the Provincial Regulation on Personal Income Tax, with the special provisions contained in the following sections of this Article.

Equity gains or losses obtained as a result of the transfer of assets or rights forming part of the inheritance pending the exercise of a testamentary power of attorney shall be exempt from tax when such transfer does not entail the accrual of the corresponding Inheritance and Gift Tax.

Likewise, the income from movable equity referred to in Article 35 of the Provincial Regulation on Personal Income Tax, obtained as a consequence of the transfer of assets representing the raising and use of outside equity forming part of the inheritance pending the exercise of a testamentary power of attorney, shall also be exempt from tax, when such transfer does not imply the accrual of the corresponding Inheritance and Gift Tax.

For the purposes of determining the taxable base, the income from business activities shall be considered to have been obtained in any case by the inheritance pending the exercise of a testamentary power of attorney, regardless of whether it does not meet the requirement established in Article 24(1) of the Provincial Regulation on Personal Income Tax.

The taxable base shall be the result of applying, where applicable, to the general and savings tax base exclusively the reduction for maintenance annuities paid by judicial decision against the inheritance pending the exercise of a testamentary power, under the terms established in Articles 67 and 69 of the Personal Income Tax Regulations, and in the Provincial Civil Law of the Basque Country.

Only the deductions from the total tax liability established in Article 51(8), Article 88 and Article 91 of the Personal Income Tax Regulations shall be applicable to calculate the total tax liability.

Negative taxable income and tax deductions not made due to insufficient taxable income may only be offset against positive taxable income and total tax liability corresponding to the inheritance pending the exercise of a testamentary power of attorney.

The inheritance pending the exercise of a testamentary power of attorney shall be subject to the payment of the tax and to compliance with the other obligations established in this Provincial Regulation and in the Provincial Personal Income Tax Regulation and its implementing regulations.

The tax period shall be shorter than the calendar year when the full exercise of the power of attorney is irrevocable or when any of the other causes for termination of the power of attorney occur on a day other than 31 December. In this case, the period shall end on that date and the tax shall accrue at that time."

2. Article 11(3)(b) of Provincial Regulation 7/2002, of 15 October, on the Adaptation of the Tax System of the Historical Territory of Bizkaia to the peculiarities of the Provincial Civil Law of the Basque Country, is reworded as follows:

"b) The amount of the dividends and shares in profits referred to in section 1 of the Fifth Supplementary Provision of the Provincial Corporation Tax Regulation shall be added to the taxable base for Personal Income Tax."

Twenty-Third Additional Provision. Income from real estate equity during the financial years 2014 and 2015.

During the financial years 2014 and 2015, in order to determine the net income on real estate capital referred to in Article 58(4), 10% of the value of the property shall be applied under the provisions of the Provincial Wealth Tax Regulation.

Twenty-Fourth Additional Provision. Optional taxation system for equity gains derived from securities admitted to trading.

One. Taxpayers who transfer for valuable consideration the securities referred to in point a) of section 1 of Article 47 of this Provincial Regulation may choose between applying the provisions of the said Article for the calculation of the capital gain deriving from the transfer, or applying a special tax of 3% on the transfer value, provided that said value is less than 10,000 Euros in each financial year for the set of securities transferred.

The provisions of this provision shall not apply to the transfer of subscription rights arising from these securities, nor shall their transfer value be taken into account for the purposes of determining the transfer value of the set of transferred securities referred to in the previous paragraph. The equity gain deriving from the transfer of these subscription rights shall be determined in accordance with the provisions of the second paragraph of the aforementioned Article 47(1)(a) of this Provincial Regulation.

This taxation option shall be expressly stated when filing the tax return for the tax period in which it is applied, for the purposes of the provisions of Article 105 of this Provincial Regulation. The option exercised for a tax period may not be modified once the voluntary tax return period has ended.

When the taxpayer avails himself of the application of this optional system and there are standardised values, those transferred by the taxpayer shall be deemed to be those which they purchased in the first place.

Two. The amount resulting from the application of the special tax shall not be included in the savings tax base, as referred to in Article 66 of this Provincial Regulation, and shall be added to the total tax liability, under the provisions of Article 74 of the same.

Three. For the purposes of the provisions of Article 111 of this Provincial Regulation, the Tax Authority may make a provisional settlement by applying the provisions of this Additional Provision in the following cases:

- a) when the taxpayer has not submitted a self-assessment or has not computed the equity gain or loss derived from such transfers in the self-assessment.
- b) when, at the request of the Tax Authority, the taxpayer does not sufficiently justify the gain or loss computed.

The Tax Authority may send provisional settlement proposals applying the provisions of this Supplementary Provision.

Twenty-Fifth Additional Provision. Reimbursement of vested pension plan rights in the event of enforcement proceedings on the habitual residence.

1. The reimbursement of vested pension plan rights by the participants provided for in the seventh supplementary provision of the Consolidated Text of the Law Regulating Pension Plans and Funds, approved by Royal Legislative Decree

1/2002, of 29 November, shall be subject to the tax system established in this Provincial Regulation for the benefits of pension plans, including the integration at 60% of the first reimbursement of rights for this reason.

2. The provisions of the previous section shall also apply to policyholders who make reimbursements on the occasion of the availability provided for in the aforementioned seventh additional provision, of the insured pension plans, company social welfare plans and mutual social welfare funds referred to in Article 70 of this Provincial Regulation.
3. The reimbursement of consolidated collective insurance rights by the insured parties provided for in the aforesaid seventh supplementary provision shall be subject to the tax system established for collective insurance benefits.

In particular, for the purposes of determining the percentage applicable by virtue of the provisions of Article 19(2)(c) of this Provincial Regulation, the reimbursements made from collective insurance shall be assimilated to retirement benefits.

Twenty-Sixth Additional Provision. Crew members of certain fishing vessels.

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Twenty-Seventh Additional Provision. Tax system applicable to income obtained by individuals deriving from subordinated financial contributions provided for in Law 11/2019, of 20 December, on Cooperatives in the Basque Country.

1. With effect from 1 January 2015, the income derived from the subordinated financial contributions referred to in Article 57(5) of Law 4/1993 of 24 June 1993 on Cooperatives in the Basque Country or, where applicable, Article 60(6) of Law 11/2019 of 20 December, on Cooperatives in the Basque Country, shall be classified as income obtained from the transfer of equity to third parties, under the provisions of Article 35 of this Provincial Regulation.
2. Irrespective of the date on which the situations below arise or have arisen, the applicable tax treatment shall be as follows:

- a) In the case of transactions involving the transfer, redemption, amortisation, redemption, exchange or conversion of such securities, the corresponding income shall be classified under the provisions of the previous section.

The same tax treatment shall apply to transactions arising from out-of-court settlements with marketing entities, whether or not the corresponding payments have been subject to withholding tax.

- b) In the case of judgements declaring the subscription of the securities to be null and void, it will be understood that the holder of the securities obtains an equity gain or loss, attributable to the financial year in which the judgement becomes final, for the net difference between the late payment interest recognised in their favour and the amounts received which they must pay together with the corresponding late payment interest, without the corresponding self-assessments being rectified for this reason.
 - c) In the event that the cooperatives issuing the corresponding securities have been declared bankrupt and these are converted into a bankruptcy claim, taxpayers may opt to include the change in assets deriving from this claim in the general income under the provisions of Article 62 of this Provincial Regulation, or to apply the classification provided for in section 1 of this Supplementary Provision.
3. The provisions of this Supplementary Provision shall not modify the tax treatment of subordinated financial contributions for the issuing cooperatives, to which the provisions of Article 18.4 of Provincial Law 6/2018 of 12 December on the tax system for cooperatives in the Historical Territory of Bizkaia shall apply in any case.

Twenty-Eighth Additional Provision. System for the integration and offsetting of negative income deriving from subordinated financial contributions, preference shares and subordinated debt.

1. Notwithstanding the provisions of Article 66(1) of this Provincial Regulation, the part of the negative balances referred to in points (a) and (b) of the aforesaid section which derive from both capital losses and negative income from movable capital, arising from the subordinated financial contributions referred to in Article 60(6) of Law 11/2019, of 20 December, on Cooperatives in the Basque Country, regardless of the date on which they arise or have arisen, may be offset against the positive balance referred to in the aforesaid points, without distinction.

This compensation system shall also apply to capital losses and negative equity gains deriving from the transfer of securities received through repurchase and subscription or exchange transactions of such subordinated financial contributions.

2. In the case of subordinated debt securities and preference shares issued under the conditions established in Additional Provision 2. ^a of Law 13/1985, of 25 May, on investment ratios, own resources and information obligations of financial intermediaries, the same treatment as that provided for in the previous section shall apply to the part of the negative balances arising from both capital losses and negative income from movable capital, including those arising from the transfer of securities received through repurchase and subscription or exchange operations, regardless of the date on which they arise or have arisen.
3. The integration and compensation system regulated in this Supplementary Provision shall be applicable as from 1 January 2015, with the exception of the provisions of section 2, which shall take effect as from 1 January 2014.

Twenty-Ninth Additional Provision. Application of the simplified direct assessment system in the primary sector.

The magnitude provided for in Article 25(1)(b) of this Provincial Regulation shall not apply to agricultural and livestock, forestry and inshore fishing activities.

Thirtieth Additional Provision. Exemption of income obtained by the debtor in bankruptcy proceedings.

Income obtained by debtors as a result of debt write-offs and dations in payment established in a judicially approved agreement under the procedure established in the Consolidated Text of the Insolvency Act, approved by Royal Legislative Decree 1/2020, of 5 May, shall be exempt from this tax, in a judicially approved collective refinancing agreement of those regulated in Title II of Book Two of the said Consolidated Text, in an out-of-court payment agreement referred to in Title III of Book Two or as a consequence of exonerations of unsatisfied liabilities referred to in Chapter II of Title XI of Book One of the same Consolidated Text, provided that the debts do not derive from the exercise of business activities.

Thirty-First Additional Provision. Income derived from insurance whose beneficiary is the mortgagee.

Income derived from the benefit for the contingency of disability covered by insurance, when it is received by the mortgagee of the taxpayer as the beneficiary of the same, with the obligation to totally or partially repay the taxpayer's mortgage debt, shall have the same tax treatment as that which would have corresponded if the beneficiary had been the taxpayers themselves. However, this income shall in no case be subject to withholding.

For these purposes, the mortgage creditor must be a credit institution, or another entity which, in a professional manner, carries out the activity of granting mortgage loans or credits.

Thirty-Second Additional Provision. Capital losses due to overdue and uncollected credits.

For the purposes of the application of the special rule of temporary imputation provided for in Article 57(2)(k) of this Provincial Regulation, the circumstance provided for in number 3 of the aforesaid point (k) shall only be taken into account when the period of one year ends on or after 1 January 2016.

Thirty-Third Additional Provision. Long-Term Savings Plans.

1. The Long-Term Savings Plans are configured as contracts entered into between the taxpayer and an insurance or credit institution that meet the following requirements:
 - a) The resources contributed to the Long-Term Savings Plan must be instrumented, either through one or successive individual life insurance policies referred to in section 2 of this supplementary provision, called Individual Long-Term Life Insurance, or through deposits and financial contracts referred to in section 3 of this supplementary provision integrated in an Individual Long-Term Savings Account.

A taxpayer may only be the holder of one Long-Term Savings Plan at the same time.

- b) The Long-Term Savings Plan shall be opened when the first premium is paid or the first contribution is made to the Individual Long-Term Savings Account, as the case may be, and shall be terminated when the taxpayer makes any withdrawal or fails to comply with the contribution limit provided for in point (c) of this section.

For these purposes, in the case of Individual Long-Term Savings Insurance, it is not considered that provisions are made when, on maturity, the insurance company allocates, by order of the taxpayer, the full amount of the benefit to a new Individual

Long-Term Savings Insurance taken out by the taxpayer with the same company. In these cases, the contribution of the benefit to the new insurance will not be taken into account for the purposes of the limit of 5,000 Euros indicated in point (c) of this section, and for the calculation of the period envisaged in number 32 of Article 9 of this Provincial Regulation, the first premium paid for the first insurance through which the contributions to the Plan were instrumented will be taken as a reference.

- c) Contributions to the Long-Term Savings Plan may not exceed 5,000 Euros per year in any of the years during which the Plan is in force.
- d) The taxpayer may only withdraw the equity resulting from the Plan in the form of equity, for the total amount thereof, and it is not possible for the taxpayer to make partial withdrawals.
- e) The insurance company or, where applicable, the credit institution, must guarantee to the contributor the receipt on maturity of the individual life insurance or on maturity of each deposit or financial contract of at least an equity sum equivalent to 85% of the sum of the premiums paid or of the contributions made to the deposit or to the financial contract.

Notwithstanding the above, if the aforesaid guarantee is less than 100%, the financial product taken out must have a maturity of at least one year.

- 2. The Individual Long-Term Savings Insurance (SIALP) is configured as an individual life insurance policy other than those provided for in Article 36 of this Provincial Regulation, which does not cover contingencies other than survival or death, in which the taxpayer himself is the contracting party, insured and beneficiary except in the event of death.

The terms and conditions of the contract shall expressly and prominently state that it is an Individual Long-Term Savings Insurance and its acronym (SIALP) shall be reserved for contracts entered into as from 1 January 2016 that meet the requirements established in this Provincial Regulation.

- 3. The Individual Long-Term Savings Account is configured as a money deposit contract entered into by the taxpayer with a credit institution, against which one or more money deposits may be constituted, as well as financial contracts as defined in the last paragraph of section 1 of Article two of Order EHA/3537/2005, of 10 November, which implements Article 37.6 of the Consolidated Text of the Securities Market Act, under the conditions of which it is foreseen that both the contribution and the settlement on maturity will in any case be made exclusively in money. These deposits and financial contracts must be contracted by the taxpayer with the same credit institution with which the Individual Long-Term Savings Account has been opened. The returns shall be compulsorily integrated into the Individual Long-Term Savings Account and shall not be calculated for the purposes of the limit provided for in section 1(c) above.

The Individual Long-Term Savings Account must be uniquely identified and separated from other forms of deposits. Likewise, the deposits and financial contracts included in the Account must contain in their identification a reference to the latter.

The terms and conditions of the contract shall expressly and prominently state that it is an Individual Long-Term Savings Account and its acronym (CIALP) shall be reserved for contracts entered into as from 1 January 2016 that meet the requirements set out in this Provincial Regulation and shall include deposits and financial contracts entered into as from that date.

- 4. In particular, the contracting entities shall inform, in the contracts, expressly and prominently, of the amount and the date to which the guarantee referred to in point (e) of section 1 of this supplementary provision refers, as well as the financial conditions under

which, prior to the maturity of the individual life insurance, deposit or financial contract, the resulting equity may be drawn down or new contributions may be made.

Similarly, the contracting entities must expressly and prominently state in the contracts that taxpayers may only hold one Long-Term Savings Plan at a time, that they may not contribute more than 5,000 Euros per year to it, nor partially dispose of the capital being set up, as well as the tax effects derived from making withdrawals before or after the expiry of five years from the first contribution.

5. The conditions for the full mobilisation of the economic rights of individual long-term savings insurance policies and of the funds constituted in individual long-term savings accounts may be developed by regulation, without this implying the disposal of the resources for the purposes established in number 32 of Article 9 of this Provincial Regulation.
6. In the event that before the end of the period stipulated in number 32 of Article 9 of this Provincial Regulation any disposal of the resulting equity takes place or the limit on contributions stipulated in section 1(a) of this provision is breached, the institution must make a withholding or payment on account of the amount determined by regulation, on the positive from movable equity gains obtained since the opening of the Plan, including that which may be obtained on the occasion of its termination.
7. Any negative movable equity gains obtained during the term of the Long-Term Savings Plan, including that which may be obtained on termination of the Plan, shall be attributed to the tax period in which such termination occurs and only to that part of the total amount of such negative income which exceeds the sum of the income from the same Plan to which the exemption would have been applicable.

Thirty-Fourth Additional Provision. Civil companies subject to Corporation Tax.

1. The shareholders of civil companies which, under the regulations corresponding to their tax domicile, pay corporation tax, shall not include in their taxable income the proportional part of the income attributed to them under the provisions of Article 11 of this Provincial Regulation.
2. Notwithstanding the provisions of the previous paragraph, the shareholders of the aforesaid civil companies shall include in their tax base the positive income obtained by the civil partnership in proportion to their shareholding, and the following rules shall apply to them:
 - a) The inclusion shall be made in the tax period ending after the day on which the civil companies have completed their financial year.
 - b) The amount of positive income to be included in the tax base shall be calculated under the principles and criteria established in this Provincial Regulation and in the other provisions relating to this Tax for the determination of the tax base.

Total income shall be understood to be the amount of the tax base resulting from applying these same criteria and principles.

- c) Taxpayers to whom the provisions of this supplementary provision are applicable shall submit the following data relating to the civil company together with the tax return for this Tax:
 - i) Name or company name and place of registered office.
 - ii) List of directors.
 - iii) Balance sheet and profit and loss account.
 - iv) Amount of positive income to be included in the taxable base.

- v) Justification of the taxes paid with respect to the positive income to be included in the tax base.
- d) Taxpayers to whom the provisions of this supplementary provision are applicable may deduct from the total tax liability the taxes or levies of an identical or analogous nature to Corporation Tax, effectively paid, in the part corresponding to the positive income included in the tax base.

Taxes actually paid shall be deemed to be those paid both by the civil company and by its subsidiaries, provided that the latter have the percentage shareholding in the former established in Article 33(1)(a) of the Provincial Corporation Tax Regulation.

The deduction referred to in this point may not exceed the total tax liability payable on the income included in the tax base, and when taxes paid abroad are deducted, it may not exceed the total tax liability that would be payable on the income in question if it had been obtained by an entity subject to the Corporation Tax regulations of the Historical Territory of Bizkaia.

3. Dividends or shares in profits received from civil companies shall not be included in the tax base, nor shall income from the transfer of shares in such companies, to the extent that it corresponds to income which has been included in the tax base of this Tax by application of the provisions of this supplementary provision.

The same treatment applies to interim dividends.

The same positive income may be included only once, irrespective of the form and the entity in which it is expressed.

Thirty-Fifth Additional Provision. Tax treatment of the amounts received for the refund of interest rate limitation clauses in loans deriving from agreements entered into with financial institutions or from compliance with judgements or arbitration awards.

1. The refund derived from agreements entered into with financial institutions, in cash or through other compensation measures, together with the corresponding compensatory interest, of the amounts previously paid to them as interest for the application of clauses limiting loan interest rates will not be included in the taxable base of this tax.
2. The amounts previously paid by the taxpayer subject to the refund provided for in section 1 above shall be treated for tax purposes as follows:
 - a) When such amounts, in previous years, had formed part of the basis of the deduction for the purchase of a primary residence, the right to make the deduction in relation to them shall be lost, the only credits to be added to the net amount accrued in the year in which the agreement was concluded with the financial institution are those unduly deducted in the years in respect of which the Administration's right to determine tax liability by means of the appropriate settlement has not lapsed, without including demographic interest.

The addition provided for in the previous paragraph shall not apply with respect to the part of the amounts that are directly used by the financial institution, following agreement with the taxpayer concerned, to reduce the principal of the loan intended for the purchase of the main residence.

- b) When such amounts have been considered as a deductible expense in previous years in respect of which the Administration's right to determine the tax liability by means of the appropriate settlement has not expired, this consideration will be lost, and the taxpayer must allocate the resulting amounts to the period to which they correspond, without penalty, late payment interest or any surcharge in the period between the date of the agreement and the end of the following period for filing the tax return for this Tax.

- c) When such amounts have been paid by the taxpayer in tax years in which the period for filing a tax return for this Tax had not ended prior to the agreement with the financial institution for their refund, neither such amounts nor the amounts referred to in the second paragraph of point a) above shall form part of the deduction for the purchase of a primary residence, nor shall they be considered as deductible expenses.
3. The provisions of the preceding sections shall also apply when the refund of amounts referred to in section 1 above is the result of the enforcement or compliance with court judgements or arbitration awards.

Thirty-Sixth Additional Provision. Modification of terminology.

The references contained in this Provincial Regulation to the concept of self-assessment shall be understood to refer to the concept of declaration.

Thirty-Seventh Additional Provision. Pan-European Personal Pension Products.

Pan-European personal pension products regulated by Regulation (EU) 2019/1238 of the European Parliament and of the Council of 20 June 2019 on a pan-European Personal Pension Product shall, for the purposes of this tax, be subject to the treatment applicable to voluntary social welfare entities and pension schemes.

In particular:

- a) Contributions made by savers to pan-European personal pension products may reduce the general tax base under the same terms as those made to voluntary social welfare entities, pension schemes and other social welfare systems provided for in Article 70 of this Provincial Regulation, and shall be included within the maximum limit laid down in Section 3 of that article and within the joint maximum limit provided for in Article 71 of this Provincial Regulation for social welfare systems.
- b) Benefits received by beneficiaries of pan-European personal pension products shall in all cases be classified as income from employment and shall not be subject to Inheritance and Gift Tax.
- c) If the taxpayer disposes of the consolidated rights as well as the economic rights deriving from the different social welfare systems foreseen in this article, totally or partially, in cases other than those provided for in the regulations on pension plans and funds or voluntary or compulsory withdrawal or dissolution and liquidation of the entity, they must reimburse, in the corresponding tax periods, the reductions in the general tax base unduly applied, accruing the corresponding interest for late payment.

Amounts received that exceed the contributions made, including, where applicable, the contributions imputed by the promoter, shall be taxed as income from employment in the tax period in which they are received, except when the provisions of Article 37(e) of this Provincial Regulation apply.

Where the amounts referred to in the preceding paragraph are received in the form of an annuity, the provisions of Article 9(38) of this Provincial Regulation shall not apply.

Thirty-Eighth Additional Provision. Shareholders of Economic Interest Groupings subject to other regulations.

In the case of members of Economic Interest Groups that are not subject to the provincial regulations of the Historical Territory of Bizkaia, whose contributions must be classified as equity instruments with special characteristics in accordance with accounting criteria, the deductions regulated in Article 66 quater of the Provincial Regulation on Corporation Tax shall be subject to the limit of 25 per cent of the total tax liability corresponding to the portion of the general tax base made up of income from economic activities.

Thirty-Ninth Additional Provision. Extension of the period for the application of amounts deposited in accounts intended for the acquisition of a habitual residence, applicable to persons under 36 years of age at the time of opening the aforementioned account.

Where, at the time of opening the housing savings account referred to in the first paragraph of Section 5(b) of Article 87 of this Provincial Regulation, the taxpayer was under 36 years of age and, as at 31 December 2024, the six-year period referred to in that provision had not expired, the period for materialising the amounts deposited in the acquisition of the habitual residence shall be ten years, counted from the date on which the aforementioned account was opened.

Amounts deposited in the housing savings account under the terms set out in the preceding paragraph shall give rise to the deduction provided for in Article 87 of this Provincial Regulation.

Fortieth Additional Provision. Contributions to Preferential Social Welfare Plans integrated into Voluntary Social Welfare Entities.

With effect for the tax periods 2025 to 2029, contributions made by taxpayers to preferential social welfare plans integrated into Voluntary Social Welfare Entities, deriving from collective bargaining and having reduced the general tax base, shall give rise to a deduction of 10 per cent from the total tax liability, where the aggregate amount of contributions and employer contributions made is less than 3 per cent of the annual gross salary in the employing entity.

The deduction base shall consist of the sum of the contributions made by the taxpayer that derive from collective bargaining and have reduced the tax base under the terms provided for in this Provincial Regulation.

Deductions not applied due to an insufficient total tax liability may be applied in the tax returns for the five immediately following tax periods.

Forty-First Additional Provision. Regime for contributions to employment pension schemes other than the Preferential Welfare Plans integrated into Voluntary Social Welfare Entities.

The provisions of Article 91 bis, 91 ter and the Fortieth Additional Provision of this Provincial Regulation shall apply to contributions made to employment pension schemes other than the Preferential Welfare Plans integrated into Voluntary Social Welfare Entities, including those established under the legislation of other Member States of the European Union or of the European Economic Area, provided that, in accordance with their specifications, they meet the requirements set out in the applicable regulations for Preferential Welfare Plans integrated into Voluntary Social Welfare Entities.

Forty-Second Additional Provision. Positive income derived directly from employer contributions and payments to social welfare systems.

Without prejudice to the applicable reporting obligations, where the obliged entities do not make available to the tax authorities the information relating to the portion of the economic rights included in the social welfare systems corresponding to the income referred to in Article 37(e) of this Provincial Regulation, and provided that the first contribution to the social welfare system was made prior to 1 January 2026, the aforementioned income shall be the amount resulting from applying a rate of 1 per cent to the total amount of the benefit received for each year of seniority of the recipient in the social welfare system, subject to a maximum of 35 per cent.

For these purposes, seniority in the social welfare system shall be determined by calculating the number of years up to the moment when the contingency or circumstance giving rise to the benefit occurred.

Likewise, without prejudice to the applicable reporting obligations, where the obliged entities do not make available to the tax authorities information relating to the seniority of the recipient in

the social welfare system, the income referred to in the preceding paragraph shall be the amount resulting from applying a rate of 25 per cent to the total amount of the benefit received.

Additional rules for the application of the provisions of this additional provision may be established by the corresponding regulations.

Forty-Third Additional Provision. Housing market stress.

The limits provided for in Article 86(8) and in Article 87(10) of this Provincial Regulation may be amended by regulation where circumstances of pressure in the housing market arise.

For these purposes, it shall be deemed that circumstances of pressure on the housing market exist during the years 2026 to 2030, inclusive.

Forty-Fourth Additional Provision. Payment due to an insufficient total tax liability of the deduction for rental of the habitual residence.

1. During the tax periods 2025 to 2029, taxpayers who are not required to file a return pursuant to Article 102 of this Provincial Regulation but who do so, and for whom the provisional assessment shows an insufficient tax liability to apply all or part of the deduction for rental of the habitual residence provided for in Article 86 of this Provincial Regulation, shall be entitled to payment of the amount not applied in the provisional assessment.

The amount paid shall, where applicable, be offset against the outstanding deductions referred to in Article 93 bis of this Provincial Regulation.

2. The procedure and conditions governing the application of this deduction in cases where there is a right to payment shall be laid down by the corresponding regulations.

Forty-Fifth Additional Provision. Benefits paid as income whose collection commenced prior to 1 January 2026.

The provisions of Article 9(38), Article 37(e) and the forty-second additional provision of this Provincial Regulation shall apply to benefits paid as income for which collection commenced prior to 1 January 2026.

For these purposes, the proportion of the total benefit represented by the income referred to in Article 37(e) of this Provincial Regulation shall be backdated to the moment when the contingency or circumstance giving rise to the benefit occurred, and the duration of the annuity shall be calculated from the moment when it was constituted.

TRANSITIONAL ARRANGEMENTS

First Transitional Provision. Determination of the amount of equity gains derived from assets purchased prior to 31 December 1994.

One. The amount of equity gains corresponding to transfers of assets not used for business activities which were purchased prior to 31 December 1994 shall be determined in accordance with the following rules:

1. In general, they shall be calculated, for each asset, under the provisions of Chapter V, Title IV of this Provincial Regulation. From the equity gain thus calculated, a distinction shall be made between the part of the capital gain that was generated prior to 1 January 2007, this being understood as the part of the equity gain that corresponds proportionally to the number of days elapsed between the date of purchase and 31 December 2006, both inclusive, with respect to the total number of days that it remained in the taxpayer's assets.

The part of the equity gain generated prior to 1 January 2007 shall be reduced as follows:

- a) The period of permanence in the taxpayer's assets shall be taken as the number of years between the date of purchase of the item and 31 December 1996, rounded up.

If improvements have been made to the assets transferred, their period of permanence in the taxpayer's assets shall be taken as the number of years between the date on which they were made and 31 December 1996, rounded up.

- b) If the assets transferred were real estate, rights over the same or securities of the entities included in Article 314 of the Consolidated Text of the Securities Market Law, approved by Royal Legislative Decree 4/2015, of 23 October, with the exception of shares or holdings representing the share capital or assets of Real Estate Investment Companies or Funds, it will be reduced by 11.11% for each year of permanence of those indicated in the previous point that exceeds two.
 - c) If the assets transferred were shares admitted to trading on any of the official secondary securities markets defined in Directive 2014/65/EU of the European Parliament and of the Council, of 15 May 2014, on markets in financial instruments, and representing the participation in the equity of companies or entities, with the exception of shares representing the share capital of Real Estate Investment Companies, it shall be reduced by 25% for each year of permanence of those indicated in point (a) above that exceeds two.
 - d) The remaining equity gains generated prior to 1 January 2007 shall be reduced by 14.28% for each year of permanence of those indicated in point (a) above that exceeds two.
 - e) The part of the equity gain generated prior to 1 January 2007 deriving from assets which on 31 December 1996 and in accordance with the provisions of points (b), (c) and (d) above had a period of permanence, as defined in point (a) above, of more than ten, five and eight years, respectively, shall not be subject to tax.
2. In the case of securities admitted to trading on 31 December 2006 on any of the regulated markets and shares or units in collective investment undertakings to which the regime provided for in Article 47(1)(a)(d) of this Provincial Law is applicable, equity gains and losses shall be calculated for each security, share or unit under the provisions of Chapter V of Title IV of this Provincial Law.

If, as a result of the provisions of the preceding paragraph, an equity gain is obtained as a result, the appropriate reduction shall be made from the following:

- a) If the transfer value is equal to or higher than that corresponding to the securities, shares or holdings for the purposes of Wealth Tax for 2006, the part of the equity gain that was generated prior to 1 January 2007 shall be reduced under the provisions of rule 1 above. For these purposes, the capital gain generated prior to 1 January 2007 shall be the part of the equity gain resulting from taking as the transfer value that which corresponds to the securities, shares or holdings for the purposes of Wealth Tax in 2006.
- b) If the transfer value is lower than that corresponding to the securities, shares or holdings for Wealth Tax purposes in 2006, the entire equity gain shall be deemed to have arisen prior to 1 January 2007 and shall be reduced under the provisions of rule 1 above.

3. If improvements have been made to the assets transferred, a distinction shall be made between the part of the disposal value corresponding to each component thereof for the purposes of the application of the provisions of this transitional provision.

Two. The provisions of this Transitional Provision shall not apply to transfers of assets that have been assigned to an economic activity of the taxpayer when the same activity continues to be carried out under another ownership.

Second Transitional Provision. Lease contracts prior to 9 May 1985.

In the determination of income from property capital derived from rental contracts entered into prior to 9 May 1985, which do not enjoy the right to the revision of the rent of the contract by virtue of the application of rule 7 of section 11 of the Second Transitional Provision of Law 29/1994, of 24 November, on Urban Leases, the provisions of Article 32 of this Provincial Residence shall be applied, with the following special features:

1. In the case of income from real estate equity from dwellings, the rebate to be applied shall be 50% of the equity gains obtained by each property.
2. In the case of income from real estate equity not included in number 1 above, a rebate of 40% of the equity gains obtained by each property shall be applied.

The provisions of Article 58(4) of this Provincial Regulation shall not apply to the rental contracts provided for in this Transitional Provision.

Third Transitional Provision. Deductions made for investment in the main residence in tax periods commencing on or after 1 January 1999.

The limit of 36,000 Euros referred to in Article 87(3) of this Provincial Law shall apply to all taxpayers, regardless of when they purchased their primary residence.

Notwithstanding the above, the aforesaid limit of 36,000 Euros shall be reduced by the following amounts:

- The amount that the taxpayer has deducted as an investment in the main residence referred to in Article 77 of the Provincial Regulation 10/1998, of 21 December, on Personal Income Tax, plus, where applicable, the result of applying 15% to the amount of the exempt equity gain for reinvestment under the terms provided for in Article 46 of the aforesaid Provincial Regulation.
- The amount that the taxpayer has deducted in respect of investment in the main residence referred to in Article 89 of the Provincial Regulation 6/2006, of 29 December, on Personal Income Tax, plus, where applicable, the result of applying 18% to the amount of the exempt capital gain for reinvestment under the terms provided for in Article 51 of the aforesaid Provincial Regulation.

Fourth Transitional Provision. Deduction for investment in a primary residence purchased jointly by several persons prior to 1 January 2007.

The limit referred to in Article 87(3) of this Provincial Regulation shall be applied individually to taxpayers who have jointly purchase main residence prior to 1 January 2007, taking into account the provisions of the third transitional provision above.

Fifth Transitional Provision. Tax value of collective investment undertakings incorporated in countries or territories classified as tax havens.

1. For the purposes of calculating the excess net asset value referred to in Article 52 of this Provincial Regulation, the purchase value shall be taken as the net asset value at 1 January

1999, in respect of the units and shares held by the taxpayer therein. The difference between this value and the actual purchase value shall not be taken as the purchase value for the purposes of determining the income derived from the transfer or redemption of the shares or holdings.

2. Dividends and shares in profits distributed by collective investment undertakings deriving from profits obtained prior to 1 January 1999 shall be included in the taxable income of the members or participants thereof. For these purposes, the first reserves distributed shall be deemed to have been allocated with the first profits earned.

Sixth Transitional Provision. Benefits received as a result of redundancy plans.

The amounts received as from 1 January 2001 by beneficiaries of insurance contracts taken out to comply with the provisions of the fourth transitional provision of the Consolidated Text of the Law Regulating Pension Plans and Funds, approved by Royal Legislative Decree 1/2002, of 29 November, which implement the benefits derived from redundancy plans, which prior to the conclusion of the contract were paid out of internal funds, and to which the integration percentages established in section 2 of Article 16 of the Provincial Regulation 10/1998, of 21 December, on Personal Income Tax, are applicable, shall apply the integration percentages established in Article 19(2) of the present Provincial Regulation, without the conclusion of such contracts altering the calculation of the period of generation of such benefits for these purposes.

Seventh Transitional Provision. Transitional system applicable to mutual benefit societies.

1. Retirement and disability benefits deriving from insurance contracts taken out with mutual benefit societies whose contributions, made prior to 1 January 1999, have been subject to at least a partial reduction in the taxable base, must be included in the taxable base of the tax the concept of work from income.
2. The integration shall be made to the extent that the amount received exceeds the contributions made to the mutual fund which could not have been subject to reduction or reduction in the tax base under the regulations in force at any given time and, therefore, have been previously taxed.
3. If the amount of the contributions that could not be reduced or deducted from the tax base cannot be accredited, 75% of the retirement or disability benefits received shall be included.

Eighth Transitional Provision. Transitional system for life insurance contracts generating increases or decreases in assets prior to 1 January 1999.

When deferred capital is received, the part of the total net income calculated in accordance with the provisions of Section 3.^a of Chapter IV of Title IV of this Provincial Regulation corresponding to premiums paid prior to 31 December 1994, which had been generated prior to 1 January 2007, shall be reduced by 14.28% for each year, rounded up, between the payment of the premium and 31 December 1994. The amount to be reduced from the net income shall be calculated as follows:

1. The part of the net income corresponding to each of the premiums paid before 31 December 1994 shall be determined. To determine the part of the total yield obtained which corresponds to each premium of the insurance contract, this total income shall be multiplied by the weighting coefficient resulting from the following quotient:
 - In the numerator, the result of multiplying the corresponding premium by the number of years elapsed since it was paid up to the receipt of the payment.
 - In the denominator, the sum of the products resulting from multiplying each premium by the number of years elapsed since it was paid up to the receipt of the payment.

2. For each of the parts of the net income corresponding to each of the premiums paid prior to 31 December 1994, the part of the same which has been generated prior to 1 January 2007 shall in turn be determined. To determine the part of the same that has been generated prior to that date, the amount resulting from the provisions of number 1 above for each premium paid prior to 31 December 1994 shall be multiplied by the weighting coefficient resulting from the following quotient:
 - In the numerator, the time elapsed between the payment of the premium and 1 January 2007.
 - In the denominator, the time elapsed between the payment of the premium and the date of receipt of the benefit.
3. The amount to be reduced from the total net income shall be determined. For these purposes, each of the parts of the net income calculated under the provisions of number 2 above shall be reduced by 14.28% for each year elapsed between the payment of the corresponding premium and 31 December 1994. Where more than six years have elapsed between these dates, the percentage to be applied shall be 100%. Ninth.

Ninth Transitional Provision. Transitional system applicable to life annuities and temporary annuities.

1. To determine the part of life annuities and temporary, immediate or deferred, income which is considered to be income from capital, the percentages established in Article 36(1)(b) and (c) of this Provincial Law shall be applicable exclusively to benefits in the form of income received as from 1 January 2007, when the annuities were constituted prior to 1 January 1999.

These percentages shall be applicable according to the age of the recipient at the time the annuity is constituted in the case of annuities for life or according to the total duration of the annuity in the case of temporary annuities.

2. If annuities for life or temporary annuities which were constituted prior to 1 January 1999 are surrendered, the return obtained up to the date of constitution of the annuity is subtracted from the yield on the capital produced on surrender.
3. To determine the part of life annuities and temporary, immediate or deferred annuities that is considered to be income from capital, the percentages established in Article 36(1)(b)(c) of this Provincial Regulation shall be applicable to benefits in the form of income received from 1 January 2007 onwards, when they were constituted between 1 January 1999 and 31 December 2006.

These percentages shall be applicable according to the age of the recipient at the time the annuity is constituted in the case of annuities for life or according to the total duration of the annuity in the case of temporary annuities. In addition, where applicable, the return obtained up to the date of constitution of the annuity referred to in Article 36(1)(d) of this Provincial Regulation shall be added.

Tenth Transitional Provision. Tax system for certain new insurance contracts.

The application of the 25% for obtaining the full income, provided for in Article 19(2)(c) of this Provincial Regulation, shall only apply to insurance contracts taken out since 31 December 1994.

Eleventh Transitional Provision. Group life insurance that generates income from work without allocating premiums to employees.

Notwithstanding the provisions of point c) of section 2 of Article 19 of this Provincial Regulation, in the cases of insurance contracts taken out prior to 1 January 2003, in which all the premiums had been paid prior to 11 April 2003 without being subject to taxation as employment income in kind for employees, the provisions of the Sixteenth Transitional Provision of the Provincial Regulation 10/1998, of 21 December, on Personal Income Tax, shall be applicable.

Twelfth Transitional Provision. Transformation of certain life insurance contracts into individual systematic savings plans.

1. To life insurance contracts formalised prior to 1 January 2007 and in which the contracting party, insured and beneficiary is the taxpayer himself, which have been transformed into individual systematic savings plans regulated in the fourth additional provision of this Provincial Regulation, number 23 of Article 9 and the fourth additional provision of this same Provincial Regulation shall be applicable, at the time of constitution of the life annuities, provided that the following requirements are met:
 - a) The maximum annual limit paid in premiums during the years of validity of the insurance contract has not exceeded 8,000 Euros, and the total amount of the accumulated premiums has not exceeded 240,000 Euros per taxpayer.
 - b) More than five years have elapsed since the date of payment of the first premium.
2. At the time of conversion, it shall be expressly and prominently stated in the terms and conditions of the contract that it is an individual systematic savings plan regulated in the fourth supplementary provisions of this Provincial Regulation.
3. Once the transformation has been carried out, in the event of total or partial anticipation of the economic rights deriving from the annuity constituted, the taxpayer shall integrate in the tax period in which the anticipation takes place, the income that was exempt by application of the provisions of Article number 23 of Article 9 of this Provincial Regulation.

Thirteenth Transitional Provision. Support for people with disabilities in the exercise of their legal capacity.

During the period until the previously established support measures for persons with disabilities are reviewed in application of the provisions of the fifth transitional provision of Law 8/2021 of 2 June, which reforms civil and procedural legislation to support persons with disabilities in the exercise of their legal capacity, and the provisions that develop it, the references made to persons subject to guardianship with powers of representation and to those exercising such powers of representation in Articles 70, 72, 79, 82, 85 and in the eleventh supplementary provision, all of them of this Provincial Regulation, shall be understood to be made, likewise and respectively, to persons who have a judicially declared incapacity in virtue of the causes established in the Civil Code, and to those exercising the position of guardian with respect to the aforesaid.

Similarly, during the period referred to in the previous paragraph, for the purposes of the provisions of point b) of Article 98.1 A) of this Provincial Regulation, children of legal age who are subject to extended or rehabilitated parental authority shall form part of the family unit.

Fourteenth Transitional Provision. Tax system applicable to transfers of subscription rights prior to 1 January 2012.

To determine the acquisition value, as referred to in Article 47(1)(a) of this Provincial Regulation, the amount obtained from transfers of subscription rights prior to 1 January 2012 shall be deducted, unless the amount obtained in such transfers had been considered as capital gains for the transferor in the tax period in which the transfer took place. Where not all of the

subscription rights have been transferred, it shall be understood that those transferred correspond to the securities purchased in the first place.

Fifteenth Transitional Provision. Delivery of company shares or holdings to employees.

The provisions of Article 17(2)(c) of Provincial Regulation 6/2006, of 30 December, on Personal Income Tax, shall be applicable to plans for the delivery of shares or holdings, which have been implemented prior to the entry into force of this Provincial Regulation, the offer having been made to employees prior to that date, to which the regulations in force during the 2013 tax period shall be applicable.

Sixteenth Transitional Provision. Imputation of unjustified equity gains.

...

Seventeenth Transitional Provision. Exempt severance payments.

1. Compensation for dismissals occurring between 12 February 2012 and 1 January 2013 will be exempt in the amount that does not exceed the quantity that would have been payable if the dismissal had been declared unjustified, when the employer acknowledges this at the time of notification of the dismissal or at any other time prior to the conciliation process and it does not involve mutually agreed terminations within the framework of collective incentive redundancy plans or systems.
2. Compensation for dismissal or termination as a result of the redundancy plans referred to in the tenth transitional provision of Law 3/2012, of 6 July, on urgent measures for the reform of the labour market, shall be exempt in the amount not exceeding forty-five days' salary per year of service, with periods of less than one year being prorated by month up to a maximum of forty-two monthly payments.

When the causes motivating the employment regulation plan are exclusively organisational or production-related, the provisions of the previous paragraph shall only be applicable to dismissals or terminations occurring on or after 1 January 2012.

Eighteenth Transitional Provision. Transitional system for excess contributions to unreduced social welfare systems in tax periods prior to 2014.

1. The excess contributions and contributions to social welfare systems referred to in Article 71(3) and the eighth supplementary provisions of this Provincial Regulation, in the wording that was applicable on 31 December 2013, from the financial years 2009, 2010, 2011, 2012 and 2013 and which are pending reduction on 1 January 2014, may be reduced respecting the limits set out in Article 71(1) of this Provincial Regulation, without the limit relating to retirement status provided in Article 70(5) of this Provincial Regulation being applicable.
2. Excess contributions made by the taxpayer to social welfare systems of which the spouse or common-law partner is a member, participant, mutual fund member or holder, as referred to in Article 71(3) of this Provincial Regulation, in the wording that was applicable on 31 December 2013, from the financial years 2009, 2010, 2011, 2012 and 2013 and which are pending reduction on 1 January 2014, may be reduced up to a maximum of 2,400 Euros per year, regardless of the retirement status of the taxpayer and of the spouse or common-law partner who is a member, participant, member of a mutual society or holder.

Nineteenth Transitional Provision. Transitional system applicable to severance pay in the event of dismissal or termination of the worker.

The exemption limit provided for in number 5 of Article 9 of this Provincial Regulation shall not apply to compensation for dismissal or termination of the worker regulated in that section deriving from terminations of employment relationships occurring prior to the entry into force of this Provincial Regulation.

Twentieth Transitional Provision. Transitional system of the integration percentages applicable to irregular income.

1. Notwithstanding the provisions of Articles 19(2) and 25(4) of this Provincial Regulation, the provisions of Provincial Regulation 6/2006, of 29 December, on Personal Income Tax and which derive from contracts or agreements signed prior to 1 January 2014, shall be applicable to income classified as being obtained in a noticeably irregular manner over time, under the provisions of Provincial Regulation 6/2006, of 29 December, on Personal Income Tax.
2. Notwithstanding the provisions of Articles 30(3) and 39(3) of this Provincial Regulation, income deriving from contracts or agreements signed prior to 1 January 2014 shall be subject to the provisions of Provincial Regulation 6/2006, of 29 December, on Personal Income Tax.
3. Notwithstanding the provisions of Articles 19(2), 25(4), 30(3) and 39(3) of this Provincial Regulation, in the case of income obtained prior to the entry into force of this Provincial Regulation, to which the integration percentages established in the Provincial Regulation 6/2006, of 29 December, on Personal Income Tax The provisions of Provincial Regulation 6/2006, of 29 December, on Personal Income Tax, shall be applicable to them.

Twenty-First Transitional Provision. Transitional system for the deduction for deposits in credit institutions for investment in the start-up of an economic activity.

Taxpayers who, prior to 1 January 2014, had deposited amounts in accounts with credit institutions for the expenses and investments necessary to start up a business activity, in accordance with the provisions of Article 92 of Provincial Law 6/2006, of 29 December, on Personal Income Tax, provided that on that date the period of 3 years from the opening of the account had not elapsed, may continue to apply the said deduction under the terms set out in the aforementioned precept.

Twenty-Second Transitional Provision. Transitional system of the second paragraph of Article 81(2) of the Provincial Regulation 6/2006, of 29 December, on Personal Income Tax.

The provisions of the second paragraph of section 2 of Article 81 of Provincial Law 6/2006 of 29 December on Personal Income Tax, added by Provincial Law 1/2012 of 29 February approving transitional measures for 2012 and 2013 and other tax measures, shall be applicable for the 2013 tax period.

Twenty-Third Transitional Provision. Accounting and registration obligations.

Those taxpayers who are excluded from the obligation to keep the book of economic operations regulated in Article 114 of this Provincial Regulation in the terms established by regulation, shall comply with their accounting and registration obligations under the provisions of Article 115 of Provincial Regulation 6/2006, of 29 December, on Personal Income Tax and its implementing provisions in the wording in force on 31 December 2013, taking into account the method used to determine the net income from their economic activities as of 1 January 2014.

Twenty-Fourth Transitional Provision. System for shareholders of asset-holding companies dissolved and liquidated under the provisions of the twenty-fourth transitional provision of the consolidated text of the Corporate Income Tax Act, approved by Royal Legislative Decree 4/2004, of 5 March.

Taxpayers of Personal Income Tax, Corporation Tax and Non-Resident Income Tax who are shareholders of asset-holding companies to which the provisions of the twenty-fourth transitional provision of the consolidated text of the Law on Corporation Tax, approved by Royal Legislative Decree 4/2004, of 5 March, are applicable, shall apply the provisions of point (d) of section 2 and section 3 of said transitional provision.

Twenty-Fifth Transitional Provision. Age requirement for the purposes of treatment of Individual Systematic Savings Plans for insurance contracts formalised prior to 1 January 2016.

For Individual Systematic Savings Plans formalised prior to 1 January 2016, the five-year requirement set out in section 4 of the fourth supplementary provision of this Provincial Regulation shall apply.

The transformation of an Individual Systematic Savings Plan formalised before 1 January 2016, or of an insurance contract regulated in the twelfth transitory provision of this Provincial Regulation, by modifying its maturity, with the sole purpose of bringing forward the constitution of the annuity to a date that complies with the requirement of five years from the payment of the first premium demanded by the aforesaid provisions, shall have no tax effects for the policyholder.

Twenty-Sixth Transitional Provision. System for partners of Civil Partnerships dissolved and liquidated under the provisions of the Nineteenth Transitional Provision of Law 35/2006, of 28 November, on Personal Income Tax and partially amending the laws on Corporate Income Tax, Non-Resident Income Tax and Wealth Tax.

Taxpayers of Personal Income Tax, Corporation Tax and Non-Resident Income Tax who are partners of civil companies to which the provisions of the Nineteenth Transitional Provision of Law 35/2006, of 28 November, on Personal Income Tax and on the partial amendment of the laws on Corporation Tax, Non-Resident Income Tax and Wealth Tax, shall apply the provisions of point c) of section 2 of the said Transitional Provision.

Twenty-Seventh Transitional Provision. Treatment of investments in newly or recently created or innovative micro, small or medium-sized enterprises.

...

Twenty-Eighth Transitional Provision. Amount exempt from the special tax on prizes from certain lotteries and bets in the financial years 2018 and 2019.

Prizes derived from games held prior to 5 July 2018 shall be exempt from the special tax in the amount provided for in section 2 of the eighteenth supplementary provision of this Provincial Regulation in its current wording as at 31 December 2017.

This amount shall be 10,000 Euros for prizes derived from games held in the 2018 tax period as from 5 July 2018, and 20,000 Euros for prizes derived from games held in the 2019 tax period.

Twenty-Ninth Transitional Provision. Deduction for the promotion of the implementation in 2020, 2021, 2022, 2023, 2024 and 2025 of a computer system that guarantees the traceability and inviolability of the records documenting the supply of goods and services and that complies with the obligation to keep a register of business transactions in the electronic headquarters of the Provincial Council of Bizkaia.

1. Taxpayers of this Tax who carry out economic activities, who comply with the obligation to keep a register of business transactions in the electronic office of the Provincial Council of Bizkaia referred to in Article 114 of this Provincial Regulation, may apply the deduction established in the twenty-fifth transitional provision of the Provincial Regulation 11/2013, of 5 December, on Corporation Tax, under the terms established therein, and with the special features contained in this Article.
2. The deduction referred to in the previous section shall be applied to the total tax liability of this Tax corresponding to the part of the general tax base comprising the income from economic activities.

3. For the purposes of the provisions of section 3 of Article 117 of the General Tax Regulations of the Historical Territory of Bizkaia, in order to be able to make the deduction referred to in this article, the taxpayer must expressly opt for its application when filing the tax return.

Taxpayers may modify the option exercised in the tax return in relation to the deduction referred to in this article once the voluntary tax return period has ended, and provided that the tax authority has not issued a prior requirement to do so.

4. The limits laid down in Article 88 of this Provincial Regulation shall apply to the amount referred to in that article after the deduction regulated in this transitional provision has been applied.

Thirtieth Transitional Provision. Compensation applicable in 2022 and 2023 for the promotion of the implementation of a computer system that guarantees the traceability and inviolability of the records documenting the supply of goods and services and compliance with the obligation to keep a record book of economic transactions in the electronic headquarters of the Provincial Council of Bizkaia.

1. Taxpayers of this Tax who carry out economic activities shall be entitled to compensation under the terms provided for in Transitional Provision Twenty-sixth of Provincial Regulation 11/2013, of 5 December, on Corporation Tax, when they voluntarily avail themselves, for all the economic activities they carry out, of the option established in the second supplementary provision of Provincial Regulation 5/2020, of 15 July, which establishes a comprehensive system for the control of income from economic activities, as well as measures to facilitate compliance with tax obligations, by amending the Provincial Corporation Tax Regulation, the Provincial Non-Resident Income Tax Regulation, the Provincial Personal Income Tax Regulation, the Provincial Wealth Tax Regulation and the General Taxation Regulation of the Historical Territory of Bizkaia.
2. The compensation referred to in the previous section shall be applied to the positive net income from each of the economic activities corresponding to the taxpayer considered individually. For these purposes, the net income shall not include the amounts corresponding to the equity gains and losses referred to in Article 25(3) of this Provincial Law.

In the case of taxpayers who determine their net income by applying the simplified method of the direct assessment method, the compensation shall be applied to the income prior to the application of the coefficient of expenses for depreciation, impairment losses and expenses that are difficult to justify, as referred to in Article 28(1)(b) of this Provincial Law.

3. In the event that the taxpayer fails to comply with the obligations linked to the exercise of the option referred to in section One of Additional Provision Two of Provincial Regulation 5/2020, of 15 July, which establishes a comprehensive system for the control of income from economic activities, as well as measures to facilitate compliance with tax obligations, by amending the Provincial Corporation Tax Regulation, the Provincial Non-Residents' Income Tax Regulation, the Provincial Regulations on Personal Income Tax, the Provincial Regulations on Wealth Tax and the General Tax Regulations of the Historical Territory of Bizkaia, before the end of the 2023 tax period, shall include in the tax base of the tax period or periods in which the compensation referred to in this transitional provision has been applied the amounts corresponding to the same, adding the corresponding late payment interest to the resulting tax liability.

Thirty-First Transitional Provision. Application of the deferral system to certain units or shares in collective investment institutions purchased prior to 1 January 2022.

The requirement established in Article 48(2)(c) of this Provincial Law shall not apply to the units or shares in collective investment undertakings referred to in the said point (c) purchased by the taxpayer prior to 1 January 2022 and not listed on a Spanish stock exchange, provided that the

amount of the redemption or transfer is not used for the acquisition of shares or units in collective investment undertakings provided for in the said point (c).

Thirty-Second Transitional Provision. Compensation applicable in 2024 and 2025 for the promotion of the implementation of a computer system that guarantees the traceability and inviolability of the records documenting the supply of goods and services and compliance with the obligation to keep an economic operations record book on the electronic portal of the Bizkaia Provincial Council.

1. Taxpayers of this tax as referred to in letters a) and b) of section 2 of article 1 of Provincial Regulation 08/2023, dated 22 November, which approves measures to order the definitive implementation of the BATUZ system, to transpose Council Directive (EU) 2021/514 of 22 March 2021 amending Directive 2011/16/EU on administrative cooperation in the field of taxation and other tax modifications, which obtain returns derived from carrying out economic activities, will have a right to compensation as established in this transitional provision, with the requirements and conditions established in section 7 of article 1 of said Provincial Regulation, as long as the voluntary application of the Batuz system is invoked for all economic activities that they carry out in terms of their 2024 tax period.
2. Taxpayers of this tax as referred to in letters c) and d) of section 2 of article 1 of Provincial Regulation 08/2023, dated 22 November, which approves measures to order the definitive implementation of the BATUZ system, to transpose Council Directive (EU) 2021/514 of 22 March 2021 amending Directive 2011/16/EU on administrative cooperation in the field of taxation and other tax modifications, which will have a right to compensation as established in this transitional provision, with the requirements and conditions established in section 7 of article 1 of said Provincial Regulation, as long as the voluntary application of the Batuz system is invoked for all economic activities that are carried out in terms of their 2024 and 2025 tax periods, although, for the compensation to be applied to the 2024 tax period, it will also be required that the effects of the option to voluntarily apply the Batuz system occur starting on 1 July 2024, at least.
3. The amount of compensation will be 10% of the positive net return from each of the economic activities corresponding to the taxpayer considered individually, which is attributed to the 2024 tax period and, where applicable, the 2025 tax period.
4. That stipulated in the previous sections will also be applicable to the taxpayers of this tax that had previously been applying the compensation established in transitional provision thirty of this Provincial Regulation to the 2024 tax period.
5. As long as there is no opposition to that established in the previous sections of this transitional provision, it will be applicable, with the precise adaptations, to the taxpayers that apply the compensation regulated therein as stipulated in sections 2 and 3 of transitional provision thirty of this Provincial Regulation.

Thirty-Third Transitional Provision. Transitional regime for accrediting reduced mobility for the purposes of determining the increased allowance for employment income.

For the purposes of applying the allowance provided for in Article 23.3(b) of this Provincial Regulation, until such time as a new recognition, declaration or classification of disability takes place, the condition of reduced mobility referred to in that provision shall also be deemed to be accredited by means of a certificate issued in accordance with Royal Decree 1971/1999, of 23 December, on the procedure for the recognition, declaration and classification of the degree of disability, in compliance with the wording of that provision in force on 31 December 2023.

Thirty-Fourth Transitional Provision. Transitional regime for the application of the deduction for disability or dependency.

For the purposes of applying the deduction for disability or dependency provided for in Article 82 of this Provincial Regulation, and until such time as a new recognition, declaration or

classification of disability takes place, taxpayers whose disability has been recognised in accordance with Royal Decree 1971/1999, of 23 December, on the procedure for the recognition, declaration and classification of the degree of disability, shall apply the deduction in accordance with the requirements regarding degree of disability and need for third-party assistance laid down in Article 82 in the wording in force on 31 December 2023.

Thirty-Fifth Transitional Provision. Application of the deductions regulated in Article 66 quater of the Provincial Corporation Tax Regulation as a consequence of the provisions set forth in Chapter III of Title VI of said Provincial Regulation, when the contributions to economic interest groups established prior to 1 January 2025 must be classed as equity instruments with special characteristics as per accounting criteria.

Payers of personal income tax who apply the deductions provided for in Article 66 quater of the Provincial Corporation Tax Regulation as per the provisions of Chapter III of Title VI of said Provincial Regulation, and whose contributions to economic interest groups established prior to 1 January 2025 must be classified as equity instruments with special characteristics in accordance with accounting criteria, may apply the provisions of Article 88 of the Provincial Personal Income Tax Regulation as per the wording in force as of 31 December 2023.

The same can be done by partners of economic interest groups not subject to the Provincial Regulation of the Historical Territory of Bizkaia, whose contributions must be classified as equity instruments with special characteristics in accordance with accounting criteria.

Thirty-Sixth Transitional Provision. Reduction limits for contributions to social welfare systems.

Exclusively for 2024, for the purposes of applying the limits on reductions for contributions and employer contributions to social welfare systems, contributions to sectoral pension schemes provided for in Article 67(1)(a) of the consolidated text of the Law regulating Pension Plans and Funds, made by self-employed who join these schemes due to the activity they carry out, contributions to simplified employment pension schemes for self-employed provided for in Article 67(1)(c) of that consolidated text and contributions to employment pension schemes made by self-employed shall be calculated within the limit referred to in Article 71.1(b) of this Provincial Regulation.

Thirty-Seventh Transitional Provision. Transitional regime for benefits received in the form of capital referred to in Article 18(a) of this Provincial Regulation, excluding those referred to in number 6.

Taxpayers may apply the regime provided for in Article 19(2)(b), in the wording in force on 31 December 2025, to the part of the benefits received in the form of capital referred to in Article 18(a) of this Provincial Regulation, excluding those referred to in number 6, which derive from contributions and employer contributions made prior to 1 January 2026.

In the cases referred to in the preceding paragraph, the provisions of Article 37(e) and Article 63(b) of this Provincial Regulation shall not apply.

DEROGATING PROVISION

One.

All provisions that oppose the provisions of this Act are hereby repealed and, in particular, Provincial Regulation 6/2006 of 26 December on Personal Income Tax.

Two.

The regulations which do not conflict with this Provincial Regulation shall remain in force until such time as the regulatory powers provided for therein are exercised.

Three.

The repeal of the provisions referred to in section 1 above shall not prejudice the rights of the tax authority in respect of obligations accrued during their period of validity.

FINAL PROVISIONS

First Final Provision. Entry into force and effects.

One. This Provincial Regulation shall enter into force on the day of its publication in the "Official Gazette of Bizkaia" and shall come into effect on 1 January 2014.

Two. For the purposes of Personal Income Tax, this Provincial Regulation shall be applicable to income obtained as from 1 January 2014 and to income to be imputed as from that date, in accordance with the criteria for temporary imputation contained in the Personal Income Tax regulations previously in force.

Second Final Provision. Regulatory empowerment.

The Provincial Council and the Provincial Councillor for the Treasury and Finance are hereby authorised to issue any provisions that may be necessary for the development and execution of this Provincial Regulation.

Bilbao, 5 December 2013.

First Secretary of the General Assembly,

JON ANDONI ATUTXA SAINZ.

President of the General Assemblies,

ANA MADARIAGA UGARTE.