

“Last regulatory amendment: 01/01/2022”

PROVINCIAL LAW 2/2013, of 27 February, on Wealth Tax (BOB, Official Gazette of Bizkaia, 4 March)

I hereby inform you that the General Assembly of Bizkaia has approved in Plenary Session on 27 February 2013, and I hereby promulgate and order, the publication of the Provincial Law 2/2013, of 27 February, on Wealth Tax, so that all citizens, natural persons and authorities, to whom it is applicable, observe it and ensure that it is observed.

PROVINCIAL LAW 2/2013, OF 27 FEBRUARY, ON WEALTH TAX

PREAMBLE

The role of the Wealth Tax in tax systems throughout its lifetime has been questioned on both equity and efficiency grounds. Equity, in that, as the tax is levied on the wealth accumulated by natural persons, double taxation occurs insofar as the accumulated wealth has already been taxed at the time it was generated.

Effectiveness, as a result of the fact that the definition of the taxable subject-matter suffered from major shortcomings due to serious problems in the delimitation of the taxable event and its valuation.

These shortcomings prevented the tax from fulfilling its characteristic objectives of contributing to the progressivity of the tax system and as a census and closure instrument of the tax system in the service of controlling the sources of individual and family wealth.

Therefore, Provincial Regulation 7/2008, of 10 December, which approved tax measures for 2009, repealed, with effect from 1 January 2008, Provincial Regulation 11/1991, of 17 December, on Wealth Tax.

Since then, the economic and financial situation has been affected worldwide by an unprecedented crisis that made it advisable, on a transitional basis for the years 2011 and 2012, to re-establish the repealed tax through Provincial Regulation 4/2011, of 28 December, with significant modifications in the definition of the subjective scope of application and the level of tax burden.

The evolution of the economic situation, at a time when the crisis is causing enormous sacrifices on the public spending side, which are being borne by the least favoured classes of society, has raised the need to maintain the solidarity effort required of taxpayers with higher wealth. Therefore, in view of the end of the validity of Provincial Regulation 4/2011, of 28 December, scheduled for 31 December 2012, it is necessary to issue a new Provincial Regulation that reincorporates Wealth Tax into the tax system of the Historical Territory of Bizkaia.

However, the reestablishment of the tax requires correcting the technical and equity deficiencies that were apparent in the previous regulation, through the redefinition of the taxable subject-matter and the formal and material conditions of its taxation, so that it truly contributes towards the justice, progressivity and equity of the tax system, does not penalise the generation of wealth through productive activities, and effectively serves to eliminate tax evasion and an adequate control of the tax bases, avoiding, on the other hand, the risks of incurring in over-taxation prohibited by the legal system.

To this end, a new regulation of the exemption of shareholdings in entities engaged in economic activities is introduced, the same rules for determining the tax base applicable to real estate are established and the application of the non-confiscation clause, based on the existence of a reduction in the tax liability, is strengthened, in accordance with the joint limit between those of

Personal Income Tax and Wealth Tax, incorporating a series of rules that prevent this clause from covering property realities other than those that should be protected through its application.

CHAPTER I NATURE AND SCOPE OF APPLICATION

Article 1. Nature and purpose of the tax.

Wealth Tax is a personal and direct tax levied on the net assets of taxpayers under the terms provided for in this Provincial Regulation.

For the purposes of this tax, the net assets of the taxpayer shall be constituted by all the property and rights of economic content owned by the taxpayer, minus any burdens and encumbrances that reduce their value, and minus any personal debts and obligations for which the taxpayer is liable.

Article 2. Scope of application.

One. The provisions of this Provincial Regulation shall apply to the following taxpayers:

- a) By personal obligation, to natural persons who are subject as taxpayers to Personal Income Tax, the levying of which corresponds to Bizkaia Provincial Council, with the tax being levied on the totality of their net assets, regardless of the territory in which the equity items subject to taxation are located.
- b) By in rem obligation, to natural persons who are non-residents in Spanish territory who are holders of property and rights located in Spanish territory, when the greater value of said property and rights is located in Basque territory, the value of those located in the Historical Territory of Bizkaia is greater than the value of those located in each of the other Historical Territories.

For the purposes of this letter, property and rights that may be exercised or must be fulfilled in a given territory shall be deemed to be situated in that territory.

The tax shall be levied on the taxpayer exclusively on property or rights located in Spanish territory, taking into account the provisions of section 4 of Article 11 of this Provincial Regulation.

- c) Natural persons who are non-residents in Spanish territory and whose last residence was in Bizkaia, provided that they choose to pay tax in Bizkaia in accordance with their personal obligation. The option must be exercised by filing the self-assessment for this tax in the first financial year in which they ceased to be resident in Bizkaia.
- d) Representatives and civil servants of the Spanish State abroad and of foreign Bodies, Institutions or States in Spain, who will be subject to this tax by personal or in rem obligation, in accordance with the provisions for such taxpayers in the Personal Income Tax regulations.

Two. In order to determine the primary residence, the provisions of the Personal Income Tax regulations shall apply.

Three. Likewise, this Provincial Regulation shall apply to the net assets of inheritances pending the exercise of a testamentary power of attorney, with the special features contained in Provincial Regulation 7/2002, of 15 October, to adapt the tax system of the historical territory of Bizkaia to the peculiarities of the provincial civil law of the Basque Country.

Article 3. International Treaties and Conventions.

The provisions of this Provincial Regulation shall be understood to be without prejudice to that set forth in the International Treaties and Conventions that form part of Spanish domestic law.

CHAPTER II TAXABLE EVENT

Article 4. Taxable event.

The taxable event for the tax shall be the ownership by the taxpayer of the net assets referred to in article 1 of this Provincial Regulation, at the time the tax becomes chargeable. Property and rights that belonged to the taxpayer at the time of the previous accrual shall be presumed to form part of the assets, unless there is proof of transfer or loss of assets.

Article 5. Exempt property and rights.

The following shall be exempt from this tax:

One. Property forming part of Basque Cultural Heritage that is considered to be a cultural asset of medium or special protection in accordance with the provisions of Law 6/2019, of 9 May, on Basque Cultural Heritage.

Two. Property forming part of Spanish Historical Heritage, registered in the General Register of Assets of Cultural Interest or in the General Inventory of Personal Property referred to in Law 16/1985, of 25 June, on Spanish Historical Heritage, as well as that included in the Second Additional Provision of the said Law, provided that in the latter case it has been classified as an Asset of Cultural Interest by the Ministry of Culture and entered in the corresponding Register.

However, in the case of Archaeological Zones and Historic Sites or Areas, the exemption does not apply to any kind of real estate located within the perimeter, but only to those that meet the following conditions:

- In Archaeological Zones, those included as the subject of special protection in the urban planning instrument referred to in article 20 of Law 16/1985, of 25 June.
- In Historic Sites or Areas, those which are fifty years old or more and are included in the Catalogue provided for in Article 86 of the Urban Planning Regulations as subjects of integral protection under the terms provided for in Article 21 of Law 16/1985, of 25 June.

Three. The Property forming part of the Historical Heritage of the Autonomous Communities, which has been classified and registered in accordance with the provisions of its regulatory rules.

Four. Works of art and antiques whose value is less than the amounts that, where appropriate, are established for the purposes of the provisions of section 4 of article 26 of Law 16/1985, of 25 June, on Spanish Historical Heritage.

Five. Works of art and antiques included in article 21 of this Provincial Regulation, when they have been transferred by their owners in permanent deposit for a period of no less than three years to Museums or non-profit Cultural Institutions for public exhibition, while they are on deposit, as well as the artists' own work while it remains part of the author's assets.

Six. Household goods, understood as personal and household items, domestic utensils and other movable goods for the taxpayer's private use, except for the property referred to in Articles 20 and 21 of this Provincial Regulation.

Seven. The rights of financial value in the following instruments:

- a) The vested rights of full or ordinary members and the economic rights of beneficiaries in a voluntary insurance provider.
- b) The vested rights of participants and the economic rights of beneficiaries in a pension scheme, including those referred to 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.

- c) The rights of financial value corresponding to premiums paid to the insured pension plans referred to in the Provincial Regulation on Personal Income Tax.
- d) The rights of financial value corresponding to contributions made by the taxpayer to the company social welfare plans referred to in the Provincial Regulation on Personal Income Tax, including the contributions by the policyholder.
- e) The rights of financial value derived from the premiums paid by the taxpayer to collective insurance contracts, other than company social welfare plans, which implement the pension commitments fulfilled by companies, under the terms provided for in the first additional provision of the consolidated text of the consolidated text of the Law Regulating Pension Plans and Funds, and in its implementing regulations, as well as those derived from the premiums paid by employers to the aforementioned collective insurance contracts.
- f) The rights of financial value corresponding to premiums paid to private insurance policies covering dependency as defined in number 7 of section 1 of article 70 of the Provincial Regulation on Personal Income Tax.

Eight. The rights derived from intellectual or industrial property as long as they remain in the author's ownership and, in the case of industrial property, are not assigned to economic activities.

Nine. Securities whose yields are exempt by virtue of the provisions of article 14 of the Provincial Regulation on Personal Income Tax for Non-Residents.

Ten. The assets and rights of natural persons necessary for the development of their economic activity, and the full ownership, the bare ownership and the right of usufruct for life over the shareholdings in the capital or assets of entities, with or without listing on organised markets, when the requirements established in article 6 of this Provincial Regulation are met.

Eleven. The taxpayer's main residence, as defined in section eight of article 87 of the Provincial Regulation on Personal Income Tax, up to a maximum amount of 400,000 euros.

Twelve. Shareholdings in European Funds for the promotion of innovation that meet the requirements set forth in article 4 of Provincial Regulation 2/2018, of 21 March, provided that they remain in the ownership of the taxpayer for a period of five years from the date of acquisition. Failure by the taxpayer to comply with the maintenance period indicated or failure by the funds to comply with the requirements set forth in Article 4 of Provincial Regulation 2/2018, of 21 March, will entail the loss of the exemption and the taxpayer must replace in the corresponding financial years the exemptions that have been unduly considered and pay the resulting amounts, accruing late-payment interest.

The maintenance requirement shall not be deemed to have been unfulfilled in the event of the death of the taxpayer owning the shareholdings before the end of the period referred to in the preceding paragraph.

Thirteen. Shareholdings in European Funds for the promotion of the financing of economic activity and in European Funds for the promotion of productive capitalisation that meet the requirements set forth in articles 5 or 6 of Provincial Regulation 2/2018, of 21 March, as applicable, provided that they remain in the ownership of the taxpayer for a period of five years, counting from the date of acquisition. Failure by the taxpayer to comply with the maintenance period indicated or failure by the funds to comply with the requirements set forth in the above-mentioned articles 5 or 6 of Provincial Regulation 2/2018, of 21 March, will entail the loss of the exemption and the taxpayer must replace in the corresponding financial years the exemptions that have been unduly considered and pay the resulting amounts, accruing late-payment interest.

The maintenance requirement shall not be deemed to have been unfulfilled in the event of the death of the taxpayer owning the shareholdings before the end of the period referred to in the preceding paragraph. In the event that the taxpayer holds the aforementioned shares indirectly through companies in which they have a direct or indirect participation of at least 5% of the capital of these entities, they shall be entitled to apply a reduction to the tax base of this Tax for an amount equivalent to the result of multiplying the percentage of their shareholding in the company in whose assets the shareholdings in the European funds referred to in this number are held, by the value of the same, without this reduction giving rise to the tax base being negative.

Fourteen. Assets and rights located abroad, owned by taxpayers who have opted for the special regime for posted workers referred to in Article 56 bis of the Provincial Regulation on Personal Income Tax.

Taxpayers who apply the exemption provided for in this letter shall not be entitled to the application of the deduction provided for in Article 34 of this Provincial Regulation for the same property and rights.

The provisions of this section shall also apply to the spouse or common-law partner constituted in accordance with the provisions of Law 2/2003, of 7 May, and to the members of the family unit referred to in Article 98 of the Provincial Regulation on Personal Income Tax of the taxpayer who opts for this special regime and acquires their tax residence in Bizkaia as a result of the transfer and has been a non-resident in Spain for the 5 years prior to their move to Spanish territory.

Fifteen. Shares and shareholdings in entities in respect of which the taxpayer may apply the deduction established in article 90 of the Provincial Regulation on Personal Income Tax, without the provisions of paragraphs 3 and 7 of the aforementioned provision being taken into account for these purposes.

In order to apply the provisions of the previous paragraph, the taxpayer must provide the certificate referred to in section 6 of article 90 of the Provincial Regulation on Personal Income Tax.

Sixteen. The shares, shareholdings or rights of financial value referred to in article 56 quater of the Provincial Regulation on Personal Income Tax.

Seventeen. Land and natural spaces affected by environmental limitations derived from the application of Law 30/2014, of 3 December, on National Parks, or any other law that also restricts their use in similar terms, or from the corresponding regional regulations, when they are considered to contribute to the promotion of the carbon absorption capacity of plant formations, within the framework of clean development projects and the application of the Kyoto Protocol and the United Nations Framework Convention on Climate Change.

The above exemption shall also apply to full ownership, bare ownership or the right of usufruct for life of shareholdings in the capital or assets of entities which are not listed on organised markets and at least 85% of the assets of which are made up of property affected by the environmental restrictions referred to in the previous paragraph.

Article 6. Requirements for the exemption of property used for economic activities and certain shareholdings.

One. The property and rights of natural persons necessary for the development of their economic activity shall be exempt from tax, provided that this activity is carried out habitually, personally and directly by the taxpayer and constitutes their main source of income. Also exempt are the property and rights common to both members of the marriage or of the common-law couple, constituted in accordance with the provisions of Law 2/2003, of 7 May, when they are used in the development of the economic activity of either of the spouses or members of the common-law couple, provided that the requirements of this section are met.

The main source of income of the taxpayer shall be considered to be that in which at least 50% of the amount of the tax base of the Personal Income Tax comes from net income from the economic activities in question, bearing in mind that neither the remuneration for management functions exercised in the entities referred to in section Two of this article, nor any other remuneration derived from the participation in these entities, shall be taken into account for these purposes.

When the same taxpayer carries out two or more economic activities on a habitual, personal and direct basis, the exemption shall apply to all the property and rights assigned to them, it being considered, for the purposes of the provisions of the previous paragraph, that the main source of income is determined by the combined income from all of them.

Two. Full ownership, bare ownership and the right of usufruct for life over shares in the capital or assets of entities, whether or not listed on organised markets, shall also be exempt from tax, provided that the following conditions are met:

- a) The entity's main activity is not the management of movable or immovable assets. It shall be understood that an entity does not manage movable or immovable assets and, therefore, that it carries out an economic activity when, by application of the provisions of article 14 of the Provincial Regulation on Corporate Income Tax, said entity does not meet the conditions for considering that more than half of its assets are made up of securities or are not assigned to economic activities.

When the entity has shareholdings in other entities, it shall be deemed not to be engaged in the management of movable assets if, while directly shareholding at least 5% of the voting rights in each of these entities, it directs and manages the shareholdings through the corresponding organisation of personal and material resources, provided that the invested entities do not themselves have as their main activity the management of movable or immovable assets, under the terms indicated in the previous paragraph.

- b) When the entity takes the form of a company, the cases established in article 14 of the Provincial Regulation on Corporate Income Tax do not apply.
- c) The taxpayer's shareholding in the capital of the entity is at least 5%, calculated individually, or 20% jointly with their spouse, common-law partner, in the case of common-law couples constituted in accordance with the provisions of Law 2/2003, of 7 May, ascendants, descendants or collaterals within the second degree, whether this has its origin in kinship, consanguinity, affinity, in the relationship resulting from the constitution of the common-law couple or in adoption.

The requirement laid set forth in this letter shall be deemed to be met in cases where, as a result of succession processes in business management between members of the family group, there has been a reduction in the percentage shareholding of one or more of the persons referred to in the preceding paragraph or where the shareholding has been transferred to collaterals of a higher degree provided that all the shareholdings of the persons referred to in this paragraph are held through an entity dedicated to holding the shares of those persons in the business group, the latter entity has a shareholding of more than 25% in the capital of the parent entity of the corporate group which meets the requirements of letters a) and b) of this paragraph and in which any of the persons referred to in this paragraph meets the requirement of letter d) below. In such a case, the exemption shall apply to all persons referred to in this paragraph.

- d) The taxpayer effectively exercises management functions in the entity, receiving remuneration that represents more than 50% of the total income from economic activities and personal work.

For the purposes of the above calculation, the income from economic activities and personal work shall not include income from the economic activity referred to in section One of this article. When the shareholding in the entity is held jointly with one or more of the persons

referred to in the previous letter, the management functions and the remuneration derived therefrom must be carried out by at least one of the persons in the family group, without prejudice to all of them being entitled to exemption.

When the same person is the direct owner of shareholdings in several entities and the conditions set forth in this section are met, the percentage referred to in this letter shall be calculated separately for each of those entities. For this purpose, in order to determine the percentage represented by the remuneration for the management functions exercised in each entity with respect to the taxpayer's total income from work and economic activities, the income derived from management functions in other entities shall not be included.

The following are considered to be management functions, which must be accredited by means of the corresponding contract or appointment: Chairperson, Chief Executive Officer, Managing Director, Administrator, Department Managers, Trustees and members of the Board of Directors or equivalent administrative body, provided that the performance of any of these positions implies an effective intervention in the decisions of the company.

Without prejudice to the provisions of section Six below, the exemption shall not apply to that part of the value of the shareholdings, determined in accordance with the rules set forth in Articles 17 and 18 of this Provincial Regulation, which corresponds to the value of the assets not necessary for the exercise of the economic activity, less the amount of the debts not deriving from the same. Both the value of the assets and the debts of the entity shall be that which is deduced from its accounts and from the application of the rules contained in articles 17, 18 and in section Three of article 27 of this Provincial Regulation, provided that they faithfully reflect the true assets and liabilities of the entity, all values being determined, in the absence of accounts, in accordance with the provisions of this Provincial Regulation.

Three. In the case of minors or incapacitated persons who are holders of the equity items referred to in this article, the requirements shall be deemed to be met when their legal representatives comply with them.

Four. For the purposes of the provisions of this article, an asset shall be understood to be necessary for the development 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 letter 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 aforementioned Provincial Regulation and section 3 of article 31 of the Provincial Regulation on Corporate Income Tax shall be deemed to be assigned in the same proportion as their expenses are considered deductible according to the aforementioned provisions.

Assets whose acquisition price does not exceed the amount of undistributed profits obtained by the entity, provided that such profits derive from the performance of economic activities, up to the limit of the amount of profits obtained both in the year itself and in the last 10 preceding years, shall not be considered as assets not necessary for the performance of an economic activity, and therefore as assets used for economic activities. Items that do not count as assets not required due to the application of that set forth in this paragraph shall not exceed 75% of total assets.

For the purposes of the provisions of the previous paragraph, dividends deriving from the securities referred to in the last indent of letter a), section 2 of article 14 of the Provincial Regulation on Corporate Income Tax, as well as the capital gains obtained in the transfer of these shareholdings, are assimilated to profits from economic activities when at least 80% of the income obtained by the invested entity derives from the performance of economic activities.

Five. Five. The requirements and conditions for the application of the exemption referred to in this article shall relate to the time when the accrual of this tax occurs, with the exception of the provisions relating to the average number of employees set forth in letters a) and b) of section Six below.

Six. In no event shall this exemption apply to:

- a) Real estate which is exempt by application of section One above, which has been the subject of assignment or the constitution of rights in rem over it, including its lease, sublease or the constitution or assignment of rights or powers of use or enjoyment over it, whatever its name or nature, unless it is assigned to an economic activity of property leasing for which the taxpayer has an average annual workforce of at least five employees employed full-time and exclusively dedicated to that activity. For these purposes, employees who have the relationship with the taxpayer referred to in letter c) of section Two of this article or who are considered to be related persons under the terms of article 42 of the Provincial Regulation on Corporate Income Tax shall not be included.
- b) The part of the value of the shareholdings that corresponds to real estate not used for business activities and the part of the value of the shareholdings referred to in section Two above that corresponds to immovable property, in accordance with the provisions of the last paragraph of section One of Article 18 of this Provincial Regulation, when the aforementioned immovable property is used for its transfer or for the constitution of rights in rem over the same, including leasing, subleasing or the constitution or assignment of rights or powers of use or enjoyment over them, whatever their name or nature, unless the entity has at least an average annual workforce of at least five people, employed full-time and exclusively dedicated to this activity. For these purposes, employees who have the relationship with the taxpayer referred to in letter c) of section Two of this article or who are considered to be related persons under the terms of article 42 of the Provincial Regulation on Corporate Income Tax shall not be included.

For the purposes of calculating the average number of staff, account shall be taken of the staff who meet the requirements established in the previous paragraph and who are employed in all the entities in which the taxpayer has a direct or indirect shareholding equal to or greater than 25% of their capital, provided that the said shareholdings meet the requirements established in this article. In this regard, and for the sole purpose of determining the set of entities that may be taken into consideration for determining the average workforce, the requirements set forth in letters a) and b) of paragraph Two must be met in each and every entity in which the taxpayer has a direct or indirect shareholding, and the requirement set forth in letter d) of paragraph Two must be computed exclusively in the entities in which the taxpayer has a direct shareholding.

However, in the event that the aforementioned operations of transfer or constitution of rights in rem have been carried out between related persons or entities as referred to in article 42 of the Provincial Regulation on Corporate Income Tax or between entities that form part of a group in application of the provisions of article 42 of the Commercial Code, the provisions of article 24.3 of the Provincial Regulation on Personal Income Tax shall apply.

The exclusion provided for in this letter shall not apply in the case of shareholdings in entities that apply the special regime established in Chapter VIII of Title VII of the Provincial Regulation on Corporate Income Tax, in the cases referred to in section 1 of article 115 of the aforementioned Provincial Regulation.

- c) The part of the value of the shareholdings referred to in section Two above that correspond to securities listed on secondary markets, shareholdings in collective investment undertakings and vehicles referred to in article 20 of this Provincial Regulation, vessels and aircraft, in accordance with the provisions of the last paragraph of section One of article 18 of this Provincial Regulation.

The exclusion provided for in this letter shall not apply to that part of the value of the shareholdings which corresponds to securities listed on secondary markets in respect of which it holds at least 5% of the voting rights by directing and managing the

shareholdings by means of the corresponding organisation of personal and material resources.

d) Shareholdings in collective investment undertakings.

Seven. Without prejudice to the provisions of the previous sections of this article, full ownership of shareholdings in the capital or assets of entities, whether or not listed on organised markets, for which the taxpayer provides their services, shall also be exempt from tax, both when the remuneration thereof is considered as income from work and when it is considered as income from economic activities for the recipient in accordance with the provisions of the Provincial Regulation on Personal Income Tax.

For these purposes, the entity must meet the requirements established in letters a) and b) of section Two of this article and the income from work or economic activities obtained by the taxpayer from the entity in which they participate must be their main source of income in the sense that it represents at least 50% of the total income from work and economic activities in the Personal Income Tax.

The exemption shall apply both to shareholdings in the capital or assets of the entity for which the taxpayer provides their services and to those of the rest of the group of companies to which the entity belongs, as defined in Article 42 of the Commercial Code.

When the invested entity is not listed on an organised secondary market, the limitations set forth in paragraph Six of this article shall apply.

When, by application of the marital property system or that of the common-law couple, constituted in accordance with the provisions of Law 2/2003, of 7 May, the shareholdings are common to both spouses or members of the common-law couple, the exemption established in this section shall be applicable to both, even if only one of them fulfils the requirements referred to in the second paragraph.

Eight. The full ownership, bare ownership and the right of usufruct for life over the shareholdings in the capital or assets of entities holding art objects and antiques that have been transferred by these entities in permanent deposit for a period of no less than three years to museums or non-profit cultural institutions for public exhibition, while they are on deposit, shall also be exempt from the tax. The exemption provided for in this paragraph shall apply to that part of the value which corresponds to the proportion existing between the value of the aforementioned assets and the total assets of the invested entity.

CHAPTER III TAXPAYERS

Article 7. Taxpayers.

Taxpayers are the natural persons referred to in section One of article 2 of this Provincial Regulation.

Article 8. Representatives of non-resident taxpayers.

One. Taxpayers non-resident in Spanish territory referred to in letter b), section One of article 2 shall be obliged to appoint a natural person or legal entity with an address in Bizkaia to represent them before the Tax Administration in relation to their obligations under this tax, when they operate through a permanent establishment or when, due to the amount and characteristics of the taxpayer's assets located in Spanish territory, the Tax Administration so requires, and to notify this appointment, duly accredited, before the end of the tax self-assessment period.

Two. Failure to comply with the obligations referred to in section One shall constitute a tax offence, punishable by a fixed fine of 12,000 euros if the representative has not been appointed

and 6,000 euros if, having been appointed, the obligation to notify the Tax Administration is not complied with.

The provisions of Article 193 of the General Provincial Regulation on Taxation of the Historical Territory of Bizkaia shall apply to the penalties imposed in accordance with the provisions of this section.

Three. In any case, the depository or manager of the property or rights of non-resident taxpayers referred to in letter b), section One of article 2 of this Provincial Regulation shall be jointly and severally liable for the payment of the tax debt corresponding to this tax for the property or rights deposited or whose management is entrusted to them, under the terms provided for in Article 40 of the General Provincial Regulation on Taxation of the Historical Territory of Bizkaia.

Article 9. Ownership of the equity items.

One. Property and rights shall be attributed to the taxpayers according to the rules on legal ownership applicable in each case and on the basis of the evidence provided by the taxpayers or discovered by the Administration.

Where applicable, the rules on the legal ownership of property and rights contained in the provisions regulating the marital or common-law couple property system constituted in accordance with the provisions of Law 2/2003 of 7 May, as well as in the precepts of the civil legislation applicable in each case to the property relations between the members of the family, shall be applicable.

The ownership of the assets and rights which, in accordance with the provisions or agreements regulating the corresponding marital or common-law couple property system constituted in accordance with the provisions of Law 2/2003 of 7 May, are common to both spouses or members of the common-law couple, shall be attributed in half to each of them, unless another share of participation is justified.

When the ownership of the assets or rights is not duly accredited, the tax Administration may consider as the owner the person who appears as such in a tax register or other public registers.

Burdens, encumbrances, debts and obligations shall be attributed to taxpayers according to the rules and criteria of the preceding paragraphs.

Two. In inheritances pending the exercise of a testamentary power of attorney, if there is a right of usufruct, the rules contained in the preceding paragraph shall apply to the usufructuary.

With regard to the value of the bare ownership or in the event that there is no usufructuary, inheritances pending the exercise of a testamentary power of attorney shall be taxed in accordance with the provisions 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.

In 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 of attorney, the widowed spouse or common-law partner, in the case of common-law couples constituted in accordance with the provisions of Law 2/2003, of 7 May, shall be taxed on their corresponding half. The other half shall be taxed in accordance with the rules set forth in the two preceding paragraphs.

Article 10. Property or rights acquired with a deferred price or reservation of ownership.

One. In the case of the acquisition of property or rights with deferred consideration, in whole or in part, the value of the equity item resulting from the tax rules shall be charged in full to the acquirer, who shall include the part of the deferred consideration among their debts. For their

part, the transferor shall include among the rights of their assets the credit corresponding to the part of the deferred consideration.

Two. In the case of the sale of goods subject to reservation of ownership, as long as the property is not transferred to the purchaser, the purchaser's right shall be calculated as the totality of the amounts they has delivered up to the date on which the tax becomes chargeable, these amounts constituting debts of the transferor, who shall be the one to whom the value of the equity item resulting from the tax rules is charged.

CHAPTER IV TAX BASE

Article 11. Concept.

One. The tax base of this tax is the value of the taxpayer's net assets.

Two. Net assets shall be determined by the difference between:

- a) The value of the property and rights owned by the taxpayer, determined in accordance with the rules of the following articles, and
- b) In rem burdens and encumbrances, when they diminish the value of the respective property or rights and personal debts or obligations for which the taxpayer is liable.

Three. Notwithstanding that set forth in the preceding paragraph, burdens and encumbrances relating to exempt property shall not be deducted for determining net assets.

Four. In cases of an in rem obligation to contribute, only burdens and encumbrances affecting property and rights which are located in Spanish territory or which can be exercised or must be fulfilled in Spanish territory, as well as debts for capital invested in the aforementioned property, shall be deductible.

Article 12. Real estate.

One. Urban or rustic real estate shall be calculated in accordance with the following numbers:

- a) In the case of real estate located in the Historical Territory of Bizkaia: In general, 50% of their minimum attributable value.

In the case of rural real estate and in the absence of a minimum attributable value, its cadastral value, provided that it has been revised or modified. If this has not been updated, the current cadastral value will be multiplied by 10.

- b) In the case of real estate located outside the Historical Territory of Bizkaia, its cadastral value.
- 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 will be computed at 50 percent of its acquisition value, updated in accordance with the monetary correction coefficients referred to in section 2 of article 45 of the Provincial Regulation on Personal Income Tax.

Two. When the real estate is under construction, 50% of the amounts actually invested in such construction up to the date of accrual of the tax, plus 50% of the corresponding asset value of the plot of land according to the provisions of this article, shall be deemed to be the asset value. In the case of horizontal property, the proportional share in the value of the plot shall be determined according to the percentage fixed in the security.

Three. Rights to real estate acquired under timeshare contracts, part-time ownership or similar formulas shall be valued according to the following rules:

- a) If they involve partial ownership of the property, according to the rules in section One above.
- b) If they do not entail partial ownership of the property, 50% of the purchase price of the certificates or other securities representing the same.

The rights referred to in Law 4/2012, of 6 July, on timeshare contracts for tourist-use assets, the acquisition of long-term holiday products, resale and exchange contracts and tax regulations, whatever their nature, shall be valued at 50% of their acquisition price.

Article 13. Economic Activities.

The assets and rights of natural persons engaged in economic activities shall be calculated at the value resulting from their accounts, as a difference between assets and liabilities, provided that this complies with the provisions of the Commercial Code, except in the case of real estate, vehicles, vessels and aircraft, which shall be calculated in all cases at the value resulting from the provisions of Articles 12 and 20, respectively, of this Provincial Regulation, except in cases where the book value is higher than that resulting from the application of the aforementioned precepts.

Property shall be deemed to be assigned to economic activities in accordance with the Personal Income Tax regulations. The assets referred to in rules 5 and 6 of article 27 of the aforementioned Provincial Regulation shall be deemed to be assigned in the same proportion as their expenses are considered deductible according to the aforementioned regulations.

In the absence of accounts, or where such accounts do not comply with the provisions of the Commercial Code, the valuation shall be that resulting from the application of the other rules of this tax.

Article 14. Deposits in current or savings accounts, sight or term deposits.

Deposits in current or savings accounts, sight or term deposits, which are not on behalf of third parties, as well as cash management accounts and financial or similar accounts, shall be calculated on the basis of their balance on the date on which the tax becomes chargeable, unless the balance is lower than the average balance for the last quarter of the year, in which case the latter shall apply.

For the purpose of calculating this average balance, funds withdrawn for the acquisition of property and rights held in the taxpayer's assets, for transfer to other accounts held in the taxpayer's assets or for the cancellation or reduction of debts shall not be taken into account.

When the amount of a debt arising from a loan or credit has been credited in the last quarter of the year to any of the accounts referred to in the first paragraph, it shall not be taken into account for determining the average balance and shall not be deducted as such a debt.

Article 15. Securities representing the transfer to third parties of own capital, traded on organised markets.

Securities representing the transfer to third parties of own capital, traded on organised markets, shall be calculated according to their trading value at the time of accrual of tax, whatever their denomination, representation and the nature of the income obtained.

Article 16. Other securities representing the transfer of own capital to third parties.

Securities representing the transfer to third parties of own capital, other than those referred to in the preceding article, shall be valued at their nominal value, including, where appropriate, amortisation or refund premiums, whatever their denomination, representation and the nature of the income obtained.

Article 17. Securities representing stockholder's equity shareholdings of any type of entity, traded on organised markets.

One. Shares and shareholdings in the share capital or stockholder's equity of any legal entities traded on organised markets, except those corresponding to Collective Investment Undertakings, shall be calculated according to their trading value at the time of accrual of the tax.

Two. In the case of subscription of new shares not yet admitted to trading, issued by legal entities listed on organised markets, the value of these shares shall be taken to be that of the last trading of the old securities within the subscription period.

Three. In the case of capital increases pending disbursement, the valuation of the shares shall be made in accordance with the above rules, as if they were fully paid out, including the part pending disbursement as a debt of the taxpayer.

Article 18. Other securities representing stockholder's equity shareholdings in any type of entity.

One. In the case of shares and shareholdings other than those referred to in the preceding article, they shall be valued at the theoretical value resulting from the last approved balance sheet.

However, for the purposes of determining the tax base for this tax, the net book value of real estate, securities listed on secondary markets, shareholdings in collective investment undertakings and the vehicles referred to in article 20 of this Provincial Regulation, vessels and aircraft, shall be replaced by their value in accordance with the provisions of articles 12, 15, 17, section Two of this article and 20 of this Provincial Regulation respectively, except in cases where the net book value is higher than that resulting from the application of the aforementioned provisions. Likewise, the value of immovable property, securities listed on secondary markets, shareholdings in collective investment undertakings and vehicles, vessels and aircraft owned indirectly through the holding of shares in other entities, in respect of which the provisions of this paragraph shall also apply, provided that the percentage of shareholding is equal to or greater than 5% of the capital of these other entities, must also be taken into account. For these purposes, both the shareholding held by the taxpayer and that held by their spouse, common-law partner, in the case of common-law couples constituted in accordance with the provisions of Law 2/2003, of 7 May, ascendants, descendants or collateral relatives to the second degree, whether the relationship originates in consanguinity, affinity, the relationship resulting from the formation of the common-law couple or in adoption, or a related person or entity under the terms of article 42 of the Provincial Regulation on Corporate Income Tax, shall be taken into account.

Two. Shares and shareholdings in the share capital or in the endowment fund of Collective Investment Undertakings shall be calculated as the net asset value on the date on which the tax accrues, valuing the assets included in the balance sheet in accordance with the rules set forth in their specific legislation, and the obligations to third parties shall be deductible.

Three. The valuation of members' or associates' shareholdings in the share capital of cooperatives shall be determined on the basis of the total amount of paid-out company contributions, whether compulsory or voluntary, resulting from the last approved balance sheet, with a deduction, where applicable, of any imputed company losses pending compensation.

Four. For the purposes of this article, the entities must provide their members, associates or participants with certificates containing the corresponding valuations.

Article 19. Life insurance and temporary or life annuities.

One. Life insurance shall be calculated at its surrender value at the time the tax becomes chargeable.

However, in cases where the policyholder is not entitled to exercise the right of full surrender on the date on which the tax becomes chargeable, the insurance shall be calculated at the value of the mathematical provision on that date in the policyholder's tax base.

The provisions of the preceding paragraph shall not apply to temporary insurance contracts which only include benefits in the event of death or disability or other supplementary risk guarantees.

Two. Temporary or life annuities, constituted as a consequence of the delivery of a capital sum in money, personal property or real estate, must be calculated at their capitalisation value on the date of accrual of the tax, applying the same rules as for the constitution of pensions established in the Tax on Property Transfers and Stamp Duty.

However, when temporary or life annuities are received from life insurance, they shall be calculated at the value established in paragraph One of this article.

Article 20. Jewellery, luxury furs and vehicles, vessels and aircraft.

Jewellery, luxury furs, automobiles, two or three-wheeled vehicles with a cylinder capacity of 125 cubic centimetres or more, recreation or water sports vessels, aeroplanes, light aircraft, sailing boats and other aircraft shall be calculated at their market value on the date on which the tax becomes chargeable.

In order to determine the market value, taxpayers may use the valuation tables for used vehicles approved by the Provincial Councillor for Treasury and Finances, for the purposes of the Property Transfers and Stamp Duty Tax and the Inheritance and Gift Tax, which were in force on the date on which the tax becomes chargeable.

Article 21. Works of art and antiques.

One. Works of art or antiques shall be calculated at their market value on the date on which the tax becomes chargeable.

Two. Without prejudice to the exemption provided for in numbers one to five of article 5 of this Provincial Regulation, the following shall be understood as:

- a) Works of art: Paintings, sculptures, drawings, engravings, lithographs or similar works, provided that, in all cases, they are original works.
- b) Antiques: Movable, useful or ornamental property, excluding works of art, which are more than one hundred years old and whose fundamental original characteristics have not been altered by modifications or repairs carried out during the last one hundred years.

Article 22. Rights in rem.

Rights *in rem* of enjoyment and bare ownership shall be valued in accordance with the criteria indicated in the tax on Property Transfers and Stamp Duty, taking, where applicable, as a reference the value assigned to the corresponding asset in accordance with the rules contained in this Provincial Regulation.

Article 23. Administrative concessions.

Administrative concessions for the exploitation of services or goods of public domain or ownership, whatever their duration, shall be valued in accordance with the criteria indicated in the Tax on Property Transfers and Stamp Duty.

Article 24. Rights derived from Intellectual and Industrial Property.

Rights derived from Intellectual and Industrial Property, acquired from third parties, must be included in the assets of the acquirer at their acquisition value, without prejudice to the provisions of article 13 of this Provincial Regulation.

Article 25. Contractual options.

Contract options shall be valued in accordance with the provisions of the Tax on Property Transfers and Stamp Duty.

Article 26. Other property and rights of financial value.

Other property and rights of financial value, attributable to the taxpayer, shall be valued at their market price on the date on which the tax becomes chargeable.

Article 27. Valuation of debts.

One. Debts shall be valued at their nominal value on the date on which the tax becomes chargeable, and shall only be deductible if they are duly justified.

Two. The following shall not be subject to deduction:

- a) Debts incurred for the acquisition of exempt property or rights. When the exemption is partial, the proportional part of the debts, if any, shall be deductible.
- b) The amounts guaranteed, until the guarantor is obliged to pay the debt, because the right has been exercised against the principal debtor and the latter has defaulted. In the case of a joint and several obligation, the amounts guaranteed may not be deducted until the right is exercised against the guarantor.
- c) The mortgage that guarantees the deferred price in the acquisition of an asset, without prejudice to the fact that the deferred price or guaranteed debt is guaranteed.

Three. In no case shall debts incurred for the acquisition of property or rights be deductible in an amount greater than the valuation that corresponds in accordance with the rules of this tax.

Article 28. Determination of the tax base.

As a general rule, the tax base will be determined using the direct estimate regime.

When the circumstances set forth in article 51 of the General Provincial Regulation on Taxation apply, the indirect estimate regime for tax bases will be applicable.

Article 29. Expert appraisal.

The contradictory expert appraisal referred to in article 128 of the General Provincial Regulation on Taxation shall only be applicable to the property and rights mentioned in articles 20, 21 and 26 of this Provincial Regulation, except when use is made of the provisions of the second paragraph of article 20 of this Provincial Regulation.

CHAPTER V TAXABLE INCOME

Article 30. Taxable income.

The tax base will be reduced by 800,000 euros as an exempt minimum.

CHAPTER VI ACCRUAL OF THE TAX

Article 31. Accrual of the tax.

The tax shall become due on 31 December of each year and shall affect the assets owned by the taxpayer on that date.

CHAPTER VII TAX LIABILITY

Article 32. Net tax liability.

The taxable income is taxed at the rates in the following scale:

Taxable income up to euros	Tax payable (euros)	Remaining taxable income up to euros	Applicable rate (percentage)
0.00	0.00	800,000.00	0.20%
800,000.00	1,600.00	800,000.00	0.60%
1,600,000.00	6,400.00	1,600,000.00	1.00%
3,200,000.00	22,400.00	3,200,000.00	1.50%
6,400,000.00	70,400.00	6,400,000.00	1.75%
12,800,000.00	182,400.00	Thereafter	2.00%

Article 33. Limit of the net tax liability.

One. The net tax liability of this tax together with the net tax liability of the Personal Income Tax may not exceed, for taxpayers subject to the tax due to personal obligation, 65% of the general and savings tax base of the Personal Income Tax. To this end:

- a) The part of the net tax liability of this tax that corresponds to equity items that, due to their nature or purpose, are not susceptible of producing the income taxed by the Provincial Regulation on Personal Income Tax shall not be taken into account.
- b) The amount of dividends and shareholdings in profits referred to in section 1 of the Fifth Additional Provision of the Provincial Regulation on Corporate Income Tax shall be added to the tax base for Personal Income Tax.
- c) In the event that the sum of both payable amounts exceeds the above limit, the payable amount of this tax will be reduced up to the limit indicated, without the reduction exceeding 75%.

Two. When the members of a family unit have opted for joint taxation in Personal Income Tax, the limit of the joint net tax liability for this tax and for Wealth Tax shall be calculated by accumulating the total net tax liabilities accrued by them in the latter tax. Where applicable, the reduction to be applied shall be apportioned among the taxpayers in proportion to their respective net tax liabilities in this tax, without prejudice to the provisions of the preceding paragraph.

Three. For the purposes of the calculation provided for in this article, the amount of the income corresponding to the property whose bare ownership corresponds to the taxpayer, must be added to the taxpayer's Personal Income Tax base, and the usufruct:

- a) If it has been attributed by the taxpayer to the spouse, common-law partner, in the case of common-law couples constituted in accordance with the provisions of Law 2/2003, of 7 May, ascendants, descendants or collateral relatives to the second degree, whether

the relationship originates in consanguinity, in affinity, in the relationship resulting from the constitution of the common-law couple or in adoption, or to a person or entity related under the terms of article 42 of the Provincial Regulation on Corporate Income Tax.

- b) If it has been transferred by the taxpayer to a third party in the five years prior to the accrual of this tax.

In both cases, it shall be presumed, in the absence of proof to the contrary, that the annual income corresponding to the usufruct of the aforementioned property amounts to 5% of the value at which the full ownership of the property must be calculated, in accordance with the provisions of articles 12 to 26 of this Provincial Regulation.

Likewise, the assets that the taxpayer has transferred for profit in the five years prior to the accrual of this tax shall be included in the property of the taxpayer, unless it is justified that the donee is effectively taxed, for an amount equivalent to the value of the property, via the Wealth Tax. This rule shall not apply to property that have been profitably disposed of in favour of the entities referred to in article 19 of Provincial Regulation 4/2019 of 20 March on the Tax Regime for Non-Profit Entities and Tax Incentives for Patronage.

Article 34. Taxes paid abroad.

One. In the case of a personal obligation to pay tax and without prejudice to the provisions of International Treaties or Conventions, the tax liability shall be reduced by the lesser of the following two amounts in respect of property located and rights that may be exercised or must be fulfilled abroad:

- a) The actual amount paid abroad in respect of personal taxation affecting the equity items computed for tax purposes.
- b) The result of applying the average effective tax rate to the part of the taxable income taxed abroad.

Two. The effective average rate of taxation shall be understood to be the result of multiplying by 100 the quotient obtained by dividing the net tax liability resulting from the application of the scale by the taxable income. The average effective tax rate shall be expressed to two decimal places.

Article 35. Asset liability.

The tax debts and, where applicable, the penalties, for this tax shall have the same consideration as those referred to in article 1365 of the Civil Code and, consequently, the community property or the earned assets, if the regime is one of provincial communication of property, shall be directly liable to the Provincial Treasury for these debts, and, where applicable, penalties, incurred by one of the spouses.

The provisions of the preceding paragraph shall be applicable to common-law couples constituted in accordance with the provisions of Law 2/2003, of 7 May, when the financial asset regime established by the members of the same is applicable to the said provision of the Civil Code.

CHAPTER VI ADMINISTRATION OF THE TAX

Article 36. Declaration and payment of the tax debt.

One. Taxpayers must file their returns for this Tax, as well as any rectifications or appeals, via the appropriate administrative proceedings, using computerised, electronic or telematic means through the website of Bizkaia Provincial Council, under the terms established in the regulations. At the time of filing the tax return, they must communicate the data necessary for

the Administration to quantify the tax liability by means of a provisional settlement, as well as provide the documents and supporting documents that are established.

In particular, the property, rights and debts, as well as their value, corresponding to economic activities must be stated in the tax return, as well as the shareholdings and the part of their value that, in either case, are exempt in accordance with the provisions of article 6 of this Provincial Regulation.

Likewise, they must include in the tax return any shareholdings in European Funds for the promotion of innovation, in European Funds for the promotion of the financing of economic activity and in European Funds for the promotion of productive capitalisation which, by virtue of the provisions of sections 12 and 13 of article 5 of this Provincial Regulation, are exempt or entitle them to a reduction in the tax base for this Tax.

Notwithstanding the provisions of article 60 of the General Provincial Regulation on Taxation of the Historical Territory of Bizkaia, the tax liability resulting from the provisional settlement of this Tax must be paid by the taxpayer in the same manner and within the same period as is determined by the regulations on Personal Income Tax, without the possibility of paying the said tax liability in instalments.

Payment of the tax liability may be made by means of the delivery of property or rights under the terms provided for in section 2, article 58 of the General Provincial Regulation on Taxation.

Two. Prior to the taxpayer filing the tax return, the Department of Treasury and Finances, through the website of Bizkaia Provincial Council, will make a draft tax return available to the taxpayer based on the data, history or other elements available to it.

For the sole purpose of generating the draft tax return, and in those cases determined by regulations, the Tax Administration may use certain parameters to obtain the result, which may be modified by the taxpayer in their tax return.

When the taxpayer considers that the draft tax return does not reflect their tax situation for the purposes of this Tax, they must modify and/or provide the data and documentation necessary for the settlement of the Tax, in accordance with the procedure determined by the regulations.

Three. When the Department of Treasury and Finances has made available a draft tax return with a refund or zero result and the taxpayer agrees with it, they must expressly agree to it via the website Bizkaia Provincial Council before the end of the voluntary period for filing returns.

In the aforementioned 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 must file a tax return within the voluntary period established for this purpose, and must modify and/or provide the data and documentation necessary for the settlement of the Tax through the website of Bizkaia Provincial Council.

In the event that the taxpayer does not file a tax return in the circumstances described in the previous paragraph, the obligation to file a tax return for this Tax shall be deemed not to have been fulfilled.

Four. Taxpayers obliged to file a tax return for this Tax who do not have a draft tax return must provide the data and documentation necessary for the settlement of the tax through the website of Bizkaia Provincial Council.

In the event that the taxpayer does not file a tax return in the circumstances described in the previous paragraph, the obligation to file a tax return for this Tax shall be deemed not to have been fulfilled.

Article 37. Persons obliged to file a self-assessment tax return.

Taxpayers are obliged to submit a self-assessment for this tax when their self-assessment results in a tax liability or when, in the absence of this circumstance, the value of their property or rights, determined in accordance with the regulations governing the tax, is greater than 2,000,000 euros.

**CHAPTER IX
JURISDICTION**

Article 38. Jurisdiction.

The contentious-administrative jurisdiction, after exhausting economic-administrative channels, shall have sole jurisdiction to settle disputes of fact and law that arise between the Administration and taxpayers in relation to any of the matters referred to in this Provincial Regulation.

ADDITIONAL PROVISIONS

One. References to the Provincial Regulation on Wealth Tax.

References contained in the legal system to Provincial Regulation 11/1991, of 17 December, on Wealth Tax, or to Provincial Regulation 4/2011, of 28 December, establishing the Wealth Tax for 2011 and 2012, shall be understood to be made to the present Provincial Regulation.

Two. Amendment of Provincial Regulation 6/2006, of 29 December, on Personal Income Tax.

One. The first paragraph of letter c), section 2 of article 43 of Provincial Regulation 6/2006, of 29 December, on Personal Income Tax, is reworded as follows:

«c) In the case of the lucrative transfer of companies or shareholdings referred to in article 6 of the Provincial Regulation on Wealth Tax in favour of the spouse, common-law partner, ascendants or descendants, provided that the following requirements are met:»

Two. The first paragraph of letter d), section 2 of article 43 of Provincial Regulation 6/2006, of 29 December, on Personal Income Tax, is reworded as follows:

«d) In the case off the transfer of companies or shareholdings referred to in article 6 of the Provincial Regulation on Wealth Tax in favour of one or more of the company's employees, provided that the requirements set forth in the previous point are met, taking into account the following special features:»

Three. Amendment of the Consolidated Text of the Provincial Regulation on Inheritance and Gift Tax, approved by Regulatory Provincial Decree 3/1993, of 22 June.

The first paragraph of section 8, article 19 of the Consolidated Text of the Provincial Regulation on Inheritance and Gift Tax, approved by Regulatory Provincial Decree 3/1993, of 22 June, is reworded as follows:

«8. "Mortis causa" acquisitions of an individual company, a professional business or shareholdings in entities, to which the exemption regulated in section Two, article 6 of the Provincial Regulation on Wealth Tax is applicable, by collaterals up to the third degree of the deceased person, provided that there are no descendants or adopted children, shall enjoy a reduction of 95% in the tax base of the tax, provided that the acquisition is maintained during the five years following the death of the deceased, unless the acquirer dies within that period.»

Four. 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.

Article 11 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 amended as follows:

«Article 11. Wealth Tax.

1. The net assets of inheritances pending the exercise of a testamentary power of attorney, as referred to in section 2, Article 9 of the Provincial Regulation on Wealth Tax, shall be subject to the provisions of the aforementioned Provincial Regulation, with the special features contained in the following sections of this article.

2. An inheritance pending the exercise of a testamentary power of attorney shall be obliged to pay the tax and to comply with the other obligations established in this Provincial Regulation and in the Provincial Regulation on Wealth Tax.

3. The net tax liability of this tax together with the net tax liability of the Personal Income Tax may not exceed, for taxpayers subject to the tax due to personal obligation, 65% of the general and savings tax base of the Personal Income Tax. To this end:

a) The part of the Wealth Tax that corresponds to equity items that, due to their nature or purpose, are not susceptible of producing the income taxed by the Provincial Regulation on Personal Income Tax shall not be taken into account.

b) The amount of dividends and shareholdings in profits referred to in sections 2 and 3, article 36 of Provincial Regulation 6/2006, of 29 December, on Personal Income Tax, shall be added to the tax base for Personal Income Tax.

c) In the event that the sum of both payable amounts exceeds the above limit, the payable amount of the Wealth Tax will be reduced up to the limit indicated, without the reduction exceeding 75%.

For the purposes of the calculation provided for in this section, the amount of the income corresponding to the assets whose bare ownership corresponds to the inheritance pending the exercise of a testamentary power of attorney, must be added to the taxpayer's Personal Income Tax base, and the usufruct:

a) If it had been attributed by the deceased or trustee to the spouse, common-law partner, in the case of common-law couples constituted in accordance with the provisions of Law 2/2003, of 7 May, ascendants, descendants or collateral relatives to the second degree of the deceased, whether the relationship originates in consanguinity, in affinity, in the relationship resulting from the constitution of the common-law couple or in adoption, or to a person or entity related to the same under the terms of article 16 of Provincial Regulation 3/1996, of 26 June, on Corporate Income Tax.

b) If it had been transferred by the deceased to a third party in the five years prior to the accrual of the tax.

In both cases, it shall be presumed, in the absence of proof to the contrary, that the annual income corresponding to the usufruct of the aforementioned assets amounts to 5% of the value at which the full ownership of the property must be calculated, in accordance with the provisions of articles 12 to 26 of the Provincial Regulation on Wealth Tax.

Likewise, the assets that the deceased had transferred for profit in the five years prior to the accrual of the tax shall be included in the property of the inheritance pending the exercise of a testamentary power of attorney, unless it is justified that the donee is effectively taxed, for an amount equivalent to the value of the property, via the Wealth Tax. This rule shall not apply to property that have been profitably disposed of in favour of the entities referred to in article 18 of Provincial Regulation 1/2004 of 24 February on the Tax Regime for Non-Profit Entities and Tax Incentives for Patronage.»

Five. Valuation of real estate in 2013, 2014 and 2015.

For the years 2013, 2014 and 2015, article 12 of this Provincial Regulation shall be worded as follows:

«Article 12. Real estate.

One. Urban or rustic real estate shall be calculated in accordance with the following numbers:

a) In the case of real estate located in the Historical Territory of Bizkaia: In general, 25% of their minimum attributable value.

In the case of rural real estate and in the absence of a minimum attributable value, its cadastral value, provided that it has been revised or modified. If this has not been updated, the current cadastral value will be multiplied by 5.

b) In the case of real estate located outside the Historical Territory of Bizkaia, 50% of its cadastral value.

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 will be computed at 25 percent of its acquisition value, updated in accordance with the monetary correction coefficients referred to in section 2 of article 45 of the Provincial Regulation on Personal Income Tax.

Two. When the real estate is under construction, 25% of the amounts actually invested in such construction up to the date of accrual of the tax, plus 25% of the corresponding asset value of the plot of land according to the provisions of this article, shall be deemed to be the asset value. In the case of horizontal property, the proportional share in the value of the plot shall be determined according to the percentage fixed in the security.

Three. Rights to real estate acquired under timeshare contracts, part-time ownership or similar formulas shall be valued according to the following rules:

a) If they involve partial ownership of the property, according to the rules in number 1 above.

b) If they do not entail partial ownership of the property, 25% of the purchase price of the certificates or other securities representing the same.

The rights referred to in Law 4/2012, of 6 July, on timeshare contracts for tourist-use properties, the acquisition of long-term holiday products, resale and exchange contracts and tax regulations, whatever their nature, shall be valued at 25% of their acquisition price.»

Six. Investments in innovative micro, small and medium-sized enterprises or of new or recent creation.

The provisions of section Fifteen of article 5 of this Provincial Regulation shall apply to shares or shareholdings acquired on or after 1 January 2018.

One (sic). Terminological amendment.

References contained in this Provincial Regulation to the concept of self-assessment shall be understood as references to filing a tax return.

REPEALING PROVISION

Sole.

One. As from 1 January 2013 the following are repealed:

- a) Provincial Regulation 4/2011, of 28 December, establishing the Wealth Tax for 2011 and 2012.
- b) Section 7 of article 17 of Regulatory Provincial Decree 3/1993, of 22 June, approving the Consolidated Text of Provincial Regulation 2/1989, of 15 February, on Inheritance and Gift Tax.
- c) Section 9 of article 60 of Provincial Regulation 1/2011, of 24 March, on Property Transfer Tax and Stamp Duty.
- d) Provincial Decree 207/1999, of 21 December, which determines the requirements and conditions for business and professional activities and shareholdings in entities for the application of the corresponding Wealth Tax exemptions.

Two. Likewise, any provisions of equal or lower rank that oppose the provisions of this Provincial Regulation shall be repealed.

FINAL PROVISIONS

One.

This Provincial Regulation shall enter into force on the day of its publication in the "Official Gazette of Bizkaia", with effect from 1 January 2013.

Two.

Bizkaia Provincial Council and the Provincial Councillor for Treasury and Finances are authorised to issue any provisions that may be necessary for the development and application of this Provincial Regulation.